



MINISTRY OF DEFENCE

Ministry of Defence

Annual Report and Accounts Volume One

2008-2009

Annual Performance Report



Ministry of Defence Annual Report and Accounts

Volume One 2008-09

including the Annual Performance Report and
Consolidated Departmental Resource Accounts

For the year ended 31 March 2009

Resources Accounts presented to the
House of Commons pursuant to section 6(4) of the
Government Resources and Accounts Act 2000.

Departmental Report presented to the
House of Commons by Command of Her Majesty.
Resource Accounts and Departmental Report presented to
the House of Lords by Command of Her Majesty

Ordered by the House of Commons to be printed
20 July 2009

Preface

i. The Ministry of Defence's (MOD) Annual Report and Accounts is a comprehensive overview of UK Defence and how the MOD has used the resources authorised by Parliament from April 2008 to March 2009. It has two volumes: the first is MOD's Annual Performance Report for 2008-09, including our contribution to Public Service Agreements and performance against our Departmental Strategic Objective targets. The second comprises the MOD Resource Accounts for the financial year 2008-09.

Volume One: Annual Performance Report

ii. The Defence Board uses a Balanced Scorecard to assist in the assessment, reporting and management of Defence performance. The scorecard for 2008-09 (paragraph 1.3) encapsulates the Government's key objectives as set out in cross-departmental Public Service Agreement targets and the MOD's Departmental Strategic Objectives and the Board's wider supporting objectives and priorities, as set out in the *Defence Plan 2008-2012*. The Annual Performance Report is set out on the same basis as the Defence Plan, with four main sections covering Purpose, Resources, Enabling Processes and the Future.

Volume Two: Departmental Resource Accounts 2008-09

iii. The MOD is required to prepare resource accounts for each financial year detailing the resources acquired, held, or disposed of during the year and the way in which it has used them. The resource accounts are prepared on an accruals basis in accordance with HM Treasury guidelines. They must give a true and fair view of the state of affairs of the MOD, the net resource outturn, resources applied to objectives, recognised gains and losses, and cash flows for the financial year. The Accounts are audited by the Comptroller and Auditor General and supported by the National Audit Office to ensure that they are true and fair and that they have been properly prepared.

Further Information

iv. Further information on the MOD, including Ministerial responsibilities and our organisation and administration and work of the Defence Audit Committee, is set out in the Defence Framework and other documents published on the MOD website at www.mod.uk/DefenceInternet/DefenceFor/Researchers/.

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ISBN: 9780102962239

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Foreword by Secretary of State for Defence

This year has seen a sustained high tempo of operations. In Iraq and Afghanistan, our Armed Forces have been making a valuable contribution to security. This has required hard fighting at times, but also the deft use of soft power working with allies, with the local forces we train and with the ordinary people we are protecting.

We are seeing progress in both theatres. The successful conclusion of operations in Iraq in May this year will see withdrawal complete by July. In Afghanistan, over the last year, it has been necessary to increase the size of forces and capability. This is to undertake the vital role, with our NATO and other allies, of bringing peace and security to the millions of Afghans who crave it – and no place to hide for the few who do not. It is a hard and difficult theatre, but as we work to translate tactical victories into strategic success, I am confident that we will meet our objectives.

The people of Britain are rightly proud of the Armed Forces. This is evident in many public events, up and down the country, where we pay tribute to our service personnel. I have seen personally, not least in Afghanistan, the immense challenges of the job they do, and the dedication and skill with which they carry it through.

The defence of the UK and essential interests abroad are secured by the commitment and professionalism of the men and women who serve, and the civilians who support them.

Most personnel return to civilian life after service able and equipped to make a huge contribution to wider society. But some pay the ultimate price. Some have been wounded or bear the mental scars of fighting. These sacrifices, and that of their families, are not forgotten. We are committed to ensuring they get the support they require.

In Iraq and Afghanistan, and supporting other UN, European and NATO operations around the globe, sustaining our forces and providing the kit to do the job is a considerable challenge and key to success. With our partners in industry, we are procuring the key military equipment capability that our forces need to do the job. But we must continue to innovate and improve the procurement process.

With the British people, we are proud of our achievements. In facing the challenges ahead we will rely on the skills, talents and dedication of our people, civilian and military. I have no doubt that they will face the future with the same commitment and courage they have shown this year.



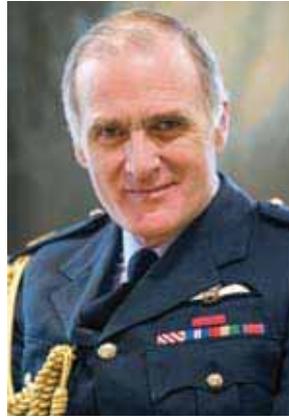
Right Honourable Bob Ainsworth MP
Secretary of State for Defence



Introduction by Chief of Defence Staff and Permanent Under Secretary of State for Defence



Sir Bill Jeffrey KCB
Permanent Under Secretary of State



Air Chief Marshall Sir Jock Stirrup
GCB AFC ADC DSc FRAeS FCMI RAF
Chief of the Defence Staff

As will be evident from this report, 2008-09 has been another busy year for Defence.

The commitment to operations has remained higher than assumed in our planning assumptions. Our Service personnel have performed exceptionally well in Afghanistan and Iraq in difficult and often dangerous conditions. The operation in Iraq was brought towards a successful close with a return of responsibility to the Iraqi security forces and successful provincial elections.

We have been clear throughout this period that support for current operations is and will continue to be the Ministry of Defence's highest priority. In 2008-09, over £1Bn was approved for Urgent Operational Requirements and a range of capabilities for operations, in many cases at great pace with the cooperation of our suppliers. A recent National Audit Office report found high levels of confidence among personnel in theatre in Urgent Operational Requirement vehicles, the healthcare system and personal kit.

At the same time, we have not let up on the pace of change within the Department. We have had to be adaptable and innovative, constantly finding new and more efficient ways of delivering support for Defence and doing our internal business. We are well through the process of streamlining our Head Office, with a similarly focussed change programme in Defence Equipment and Support. Major IT programmes have advanced. These and similar changes in the single Services enabled us to reduce civil service numbers by almost 3,000 in 2008-09 and to make substantial efficiency savings. In the current economic climate, we will need to continue our efforts to focus the resources available to us on the front line Defence effort.

The year saw continued progress on measures to support our people. The Service Personnel Command Paper, published in July 2008 was notable not only for the range of measures to improve access by Service personnel to services within the general community, but as a major collaborative effort across Government involving most of the social and economic Departments and the devolved administrations. More generally, the re-review of the Capability Review praised the MOD's growing ability to work effectively with other Departments, including the Foreign and Commonwealth Office and the Department for International Development, in theatre and in Whitehall.

We have capable and (as a recent survey showed) committed staff, whose commitment and enthusiasm we should not take for granted. They have worked hard over the period covered by this report, and we pay tribute to their efforts and achievements.



Performance and Key Facts 2008-09

The Defence Aim is:

To deliver security for the people of the United Kingdom and the Overseas Territories by defending them, including against terrorism; and to act as a force for good by strengthening international peace and stability.

1.1 The Defence Plan 2008-2012 (Cm 7385) published in June 2008 reflects the outcome of the 2007 Comprehensive Spending Review. It sets out the top level objectives the department plans to deliver over 2008-12, providing the framework for the Defence Board's strategic management of the department and for the department's public performance reporting over this period.

1.2 This Annual Report and Accounts is a comprehensive overview of UK Defence and how the department has used the resources authorised by Parliament from April 2008 to March 2009. The reporting format followed is that of the Balanced Scorecard.

Defence Balanced Scorecard

1.3 The Defence Balanced Scorecard for 2008-12 is shown below. The objectives that form the Defence Plan are shown in italics and are described in detail in subsequent pages.

Purpose

Are we fit for the challenges of today and ready for the tasks of tomorrow?

A. Current Operations: *Succeed in operations and Military Tasks today.*

B. Readiness: *Be ready for the tasks of tomorrow.*

C. Policy: *Work with allies, other governments and multilateral institutions to provide a security framework that matches new threats and instabilities.*

Resource

Are we using and developing our resources to best effect?

D. People: *Manage our people to provide sufficient, capable and motivated Service and civilian personnel.*

E. Finance and Efficiency: *Maximise our outputs within allocated financial resources.*

F. Estate: *Maintain and develop estate infrastructure of the right capability and quality.*

Defending the United Kingdom and its interests

Strengthening international peace and stability

A force for good in the world

Enabling Process

Are we efficient, responsible and respected?

G. Military Equipment Procurement: *Equip our Armed Forces for operations now and in the future.*

H. Infrastructure Procurement (Non Military Equipment Procurement): *Invest in strategic infrastructure to support defence outputs.*

I. Security, Business Continuity: *Enable secure and resilient operational capability.*

J Safety: *Minimise non-combat fatalities and injuries.*

K. Reputation: *Enhance our reputation amongst our own people and externally.*

L. Sustainable Development: *Work with other government departments to contribute to the Governments wider agenda, including on Sustainable Development.*

Future

Are we building for the future?

M. Future Capabilities: *Develop the capabilities required to meet the tasks of tomorrow.*

N. Change: *Develop flexible and efficient organisations, processes and behaviour to support the Armed Forces.*

O. Future Personnel: *Deliver the personnel plans to meet the needs of current and future tasks.*

Performance Targets 2008-09

Public Service Agreement Targets.

1.4 The 2007 Comprehensive Spending Review announced a new performance management framework with a smaller set of cross-departmental Public Service Agreements (PSAs). The MOD contributes to two PSAs.

PSA 26 – Objective: To reduce the risk to the UK and its interests overseas from international terrorism.

1.5 The Home Office leads on this PSA, with the Cabinet Office, MOD, Foreign and Commonwealth Office (FCO), Department for International Development (DFID), the Department for Communities and Local Government, the Security Industry Authority, Her Majesty's Revenue Customs and Excise, The Northern Ireland Office, the Ministry of Justice, the Department for Transport, and the Department for Children, Families and Schools, all contributing.

1.6 The MOD contribution is supported by Departmental Strategic Objective 1 (Achieve success in the military tasks we undertake, at home and abroad) and Departmental Strategic Objective 2 (Be ready to respond to the tasks that might arise).

1.7 PSA 26 is structured to reflect the Government's Counter-Terrorist Strategy (CONTEST), which has four pillars: Prevent, Pursue, Protect and Prepare. The MOD has supported the PSA in all four pillars over the past year, at home and overseas:

- **Prevent.** We have worked closely with the Office of Security and Counter Terrorism in the Home Office to produce effective communications material on the Defence contribution to counter terrorism, as part of a wider Government communications effort. CONTEST has been widely publicised within MOD. Overseas, MOD has been engaged with some 16 priority countries in building counter terrorism capacity, has provided training to 18 African nations to improve their capabilities for peacekeeping and other missions, and has supported seven UN operations.
- **Pursue.** UK Armed Forces have maintained throughout the year forces at readiness to provide specialist counter terrorist support to other departments at home, and have been deployed overseas on counter terrorism operations. For security reasons, details cannot be given of individual operations.
- **Protect.** Operations to ensure the air and maritime integrity of the UK have continued throughout the year; these operations also support the protection of the public from terrorist attacks. Explosives Ordnance Disposal personnel have been called out over 2,750 times, which includes calls to dispose of unexploded wartime munitions.
- **Prepare.** Over the past year, military support to civil agencies in the UK has taken various forms, including for purposes associated with counter terrorism.

1.8 Further details are contained in Section A of the "Current Operations" chapter of the "Purpose" section.

PSA 30 – Objective: Global and regional reduction in conflict and its impact and more effective international institutions.

1.9 The FCO leads on this PSA, with MOD and DFID contributing. The MOD commitment is set out in detail at paragraph 2.69. This contribution is supported by Departmental Strategic Objective 1 (Achieve success in the military tasks we undertake, at home and abroad) and Departmental Strategic Objective 2 (Be ready to respond to the tasks that might arise.) Fuller details of MOD's contribution to PSA 30 are contained in the "A – Current Operations" and "C – Policy" chapters of the "Purpose" section.

1.10 PSA 30 performance is reported by the FCO on behalf of MOD and DFID and shows "some progress" across the year. Work to produce more effective international institutions is largely on track. Work to produce a more effective UK capability to prevent, manage and resolve conflict and build peace is also largely on track. Through 2008-09, MOD continued to work closely with DFID and the FCO on conflict prevention and capacity building in the regions of Sub-Saharan Africa, the Americas, the Balkans, the Middle East and North Africa, Russia and Caucasus, and South Asia. £112M was invested in the course of the year across the three departments. A Conflict Prevention Pool (CPP) was formed in 2008-09 through the merger of the Africa and Global conflict prevention Pools to form a single fund focussed on the long-term conflict prevention activity.

1.11 The MOD also continued to contribute to capacity-building for peace support operations, especially through 'train the trainer' schemes to help other countries become self-sufficient, capable of providing for their own security in an accountable and democratic framework, and contribute personnel to peace support operations. Through a range of programmes MOD helped to develop the Armed Forces of partner nations by providing defence education and training to some 35 countries.

1.12 UK support has helped the Djibouti Peace Process to create a new coalition transitional government. There has been a serious growth in piracy from Puntland, Somalia this year, which led to the deployment of three counter-piracy operations, including an EU naval operation led by the UK.

1.13 MOD continued to play a leading role across Whitehall and internationally on security sector reform through our investment in the tri-departmental Security Sector Development Advisory Team. In response to requests for assistance, the team provided SSR advisory support to some 16 countries around the world.

1.14 The Stabilisation Aid Fund (SAF) was established in April 2008 to fund stabilisation activity in conflict zones, and work in Afghanistan and Iraq is now provided for through this. Over £71M has been invested in programmes including counter-narcotics in Afghanistan, strengthening the rule of law, training the Afghan National Army and supporting the upcoming Afghan elections.

The Balkans

1.15 The Western Balkan countries remain at peace, although inter-ethnic tensions and separatist agendas persist. UK Government programmes and activities have focused on government capacity and accountability, on security and justice sector reform, on refugee and internally-displaced person returns, and on assisting minority communities and inclusive economic growth.

The United Nations (UN)

1.16 Providing the necessary troops and military capabilities for a growing number of complex UN-mandated peace support operations remains a key challenge for the UN. The UK is already strongly committed to providing direct support to such operations – notably in Afghanistan and Cyprus, but we have also provided a number of high quality staff officers to key posts in UN missions and working to bolster the availability and effectiveness of troops, equipment, key logistics and other enabling capabilities from other sources.

NATO

1.17 The UK made a significant contribution to NATO-led operations and missions in the course of 2008-09, in Afghanistan, and in Operation ACTIVE ENDEAVOUR (NATO-led maritime counter-terrorism operation in the Mediterranean) and continues to support the NATO Response Force.

European Security

1.18 The UK has continued to take a leading role in developing European Security and Defence Policy (ESDP) and ensuring that it remains in line with our objectives of having a more capable, coherent and active policy that is complementary to NATO. In December 2008, EU Ministers launched the first ESDP maritime operation, ATALANTA, to escort World Food Programme ships and counter piracy off the coast of Somalia. The UK also continued to support Operation ALTHEA in Bosnia and Herzegovina, in addition to supporting the EU-led military operations in Chad and the Central African Republic.

Conventional Arms Control

1.19 2008-09 was dominated by the impact of Russia's unilateral suspension of the Treaty on Conventional Forces in Europe in December 2007. Since then, the UK and NATO allies have worked to resolve Russia's concerns and encourage it back to full participation.

Disarmament

1.20 2008 saw the opening for signature of a significant new disarmament agreement, the Convention on Cluster Munitions. The UK's leading role enabled it to influence the outcome to prohibit those cluster munitions that cause unacceptable harm to civilians. MOD withdrew its cluster munitions from service immediately.

Arms Trade Treaty

1.21 MOD has supported UK efforts to develop an international arms trade treaty. The UK's objective remains to secure an agreement that will be legally binding between states, and which will apply the same high standard criteria in assessing whether or not to export conventional arms. This will help regulate the international arms market to prevent weapons reaching the hands of terrorists, insurgents and human rights abusers, who seek to destabilise countries or regions and undermine sustainable development.

Space Security

1.22 In addition to their wide and growing commercial uses, satellites provide important support to our Armed Forces, giving them significant tactical advantage on the battlefield.

Departmental Strategic Objectives

1.23 Three Departmental Strategic Objectives (DSOs) underpin the PSAs. The Defence aim is reflected in these DSOs, which cover the range of departmental activity. The top level performance indicators for these objectives are focussed on a number of key areas where we have set out delivery priorities, and are identified and incorporated in the objectives set out in Defence Plan 2008-2012. The MOD's three DSOs with supporting Performance Indicators and performance in 2008-09 are described below.

Departmental Strategic Objective 1: Achieve success in the military tasks we undertake at home and abroad.

1.24 This target is supported by one Performance Indicator 1.1: "**Success on operations**, assessed against the military strategic objectives for each operation or military task we are conducting, including counter terrorism."

Performance in 2008-09 against Departmental Strategic Objective 1

Overall assessment: Some progress against this objective

Summary assessment against PI.

PI 1.1: Success on operations: assessed against the military strategic objectives for each operation or military task we are conducting, including counter terrorism.

Some progress. In 2008-09 the Armed Forces again successfully sustained a high tempo of operations in Iraq and Afghanistan. They have also successfully undertaken the other military tasks required of them in the year. Success on operations remained the overriding Defence priority and achieving it has again been at the cost of lower priority objectives, in particular readiness for contingent operations and achievement of single-service harmony guidelines. The proportion of forces deployed on operations and other military tasks decreased from 19% in the last quarter of 2007-08 to 17% in the last quarter of 2008-09.

Current Operations and Military Tasks

1.25 The security situation in Iraq continued to improve and was positive in Basra, where our successful training and mentoring of the 14th Division of the Iraqi Army enabled them to take firm control allowing Baswaris to go about their normal business without significant security concern. The Prime Minister announced that our remaining military tasks would be complete by 31 May 2009 and that UK combat troops would be withdrawn by July 2009. We then expect our future military activity in Iraq to focus on the Royal Navy's continued protection of Iraqi oil platforms in the Northern Gulf, training the Iraqi Navy and Marines and training the officers of the Iraqi Armed Forces. This will require some 100 UK personnel to be based at

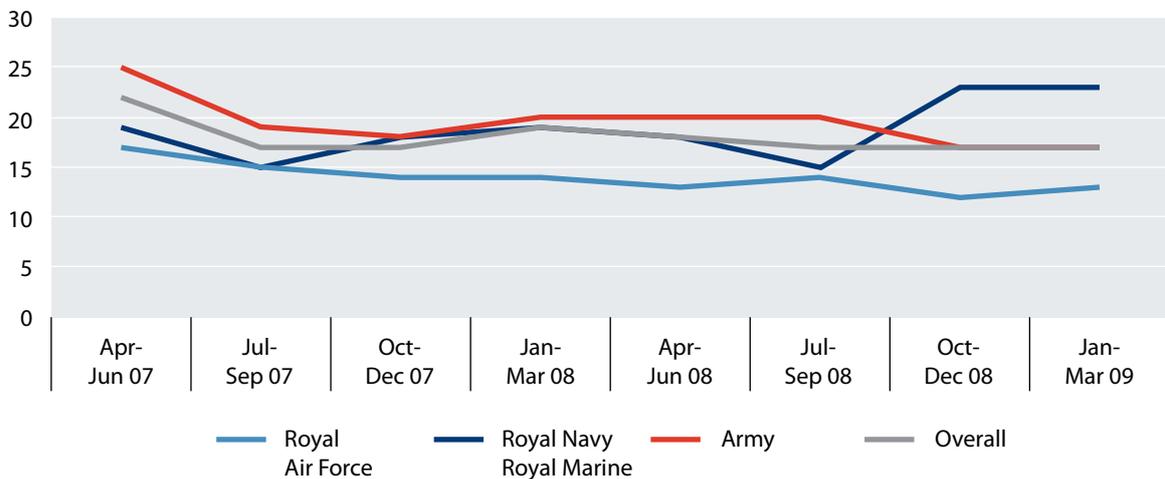
Umm Qasr in southern Iraq. The situation in Afghanistan has been extremely challenging operationally and we have upgraded the size and capability of our forces to target Taliban command and control structures in an effort to create the security environment for the spread of good governance. A fuller description of the Armed Forces activity on operations and in military tasks is given in Chapter A – Current Operations of the Purpose Section.

Activity Levels

1.26 During the year the Armed Forces continued to sustain a high tempo of operations. Between 1 January and 31 March 2009, 23% of the Royal Navy (the same as the previous quarter), 17% of the Army (the same as the previous quarter) and 13% of the RAF (12% in the previous quarter) were deployed on operations and undertaking military tasks.

1.27 In total, at 31 March 2009 some 17% of regular Armed Forces (measured as man-day equivalents for each service) were deployed on operations and undertaking military tasks (the same as the previous quarter). This was a decrease of 2% from 31 March 2008.

Figure 1.1 – Percentage of the Armed Forces deployed on Operations and undertaking Military Tasks since April 2007



Generate and Sustain Capability

1.28 A detailed breakdown of the proportion of the Armed Forces deployed on contingent operations and undertaking military tasks during 2008-09 is in Table 1.1.

Table 1.1 – Deployment Breakdown

	Deployed on Contingent Operations				Undertaking Military Tasks			
	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Jan-Mar 2009	Apr-Jun 2008	Jul-Sep 2008	Oct-Dec 2008	Jan-Mar 2009
Royal Navy	5%	6%	13%	12%	13%	9%	10%	11%
Army	13%	12%	9%	9%	7%	8%	8%	8%
Royal Air Force	7%	7%	7%	7%	6%	7%	5%	6%
Overall	9%	9%	9%	9%	9%	8%	8%	8%

1.29 The table reflects numbers of personnel deployed or undertaking military tasks. In the case of deployment on contingent operations, for each person deployed there will usually be at least two other people committed, either preparing to deploy or recovering from deployment. In addition, there are large numbers of personnel in direct support of military operations and tasks. The increases in Royal Navy personnel deployed largely reflect the deployment of 3 Commando Brigade.

Departmental Strategic Objective 2: Be ready to respond to the tasks that might arise.

1.30 This DSO is supported by two Performance Indicators (PIs):

- **PI 2.1: UK Defence Contingent Capability and delivery of force elements at readiness:** Our ability to maintain forces at the readiness we deem necessary to respond to possible threats, assessed against the requirement set out in Defence Strategic Guidance and the Defence Plan.
- **PI 2.2: Manning Balance:** Our ability to attract, recruit and retain the military personnel we need to deliver the capability to succeed on current operations and support our future readiness, assessed against what we deem to be the appropriate size and structure of the Armed Forces.

Performance in 2008-09 against Departmental Strategic Objective 2

Overall assessment: No substantive progress against this objective

Summary assessment against PI.

PI 2.1: UK Contingent Capability and delivery of force elements at readiness: Our ability to maintain forces at the readiness we deem necessary to respond to possible threats, assessed against the requirements set out in Defence Strategic Guidance and the Defence Plan.

No progress. For some considerable period now, and throughout 2008-09, the Armed Forces have operated above the overall level of concurrent operations which they are resourced and structured to sustain over time. Throughout the year they nevertheless consistently and reliably provided substantial forces at immediate readiness for current operations, deployed them to and sustained them in theatre, and recovered them to their home bases at the end of their tours. It was not possible for them to be ready at the same time for the full range of potential contingent operations detailed in planning assumptions and, consequently, contingent readiness levels have continued to suffer.

While funding from the Reserve covers the immediate bill for operations, it cannot immediately address the impact on the Armed Forces of sustained harmony breaches, the impact on their ability to conduct the full range of training for contingent operations and any particular pinch-points in manning, all of which affect levels of contingent readiness. All of these impacts, and others, will take time to improve through the process of recuperation.

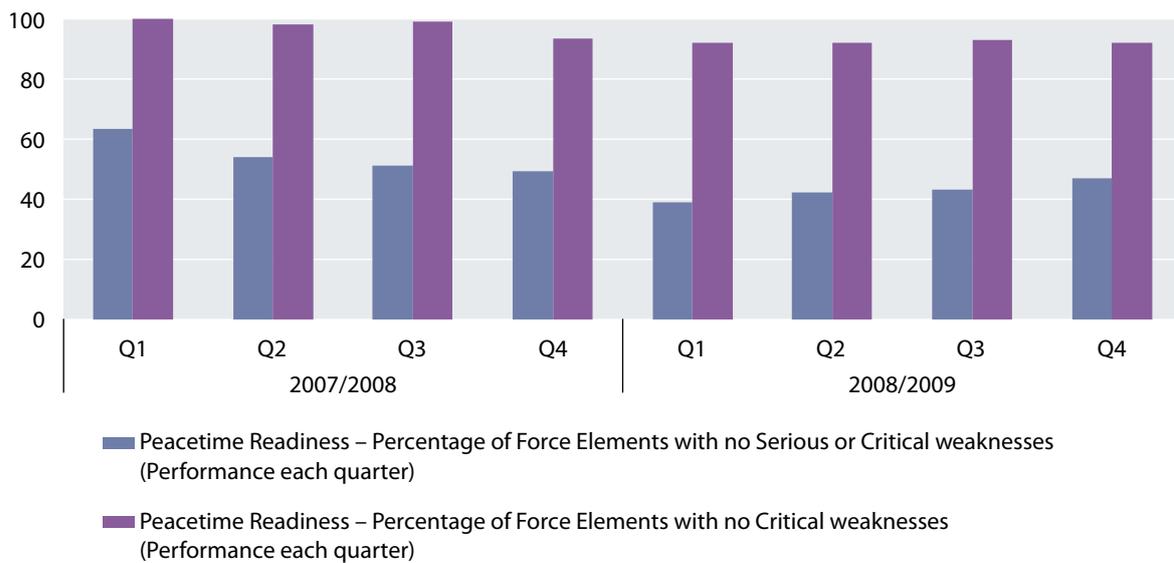
While the Armed Forces continue to meet the demands of standing military tasks and current operations their capacity to be ready for contingent tasks continues to be affected. This does not impact on essential standby capabilities such as non-combatant evacuation operations.

Contingent Readiness

1.31 Over the year, readiness declined in Quarter 1, continuing the trend since March 2006. But over Quarters 2, 3 and 4 there has been a slow recovery. At year end, the overall percentage of force elements not showing either a "serious" or "critical" weakness was 47%, as compared with 39%¹ at the start of year.

¹ Adjusted from the 2007-08 figure to account for the slight change in FE weightings.

Figure 1.2 – Contingent Readiness



- An average of 43% of force elements reported no “critical” or “serious” weaknesses in 2008-09 (55% in 2007-08, 67% in 2006-07);
- 8% of force elements reported “critical” weaknesses in the last quarter of 2008-09 (12% in the last quarter of 2007-08);
- The proportion of force elements reporting “serious” or “critical” weaknesses increased from 51% in the last quarter of 2007-08 to 53% in the last quarter of 2008-09.

1.32 Analysis of this slow recovery shows that it is largely driven by improvements in existing key platforms and new capabilities coming on stream (for example, the Predator Unmanned Aerial Vehicle (UAV) platform and the Sentinel Airborne Stand Off Radar system). As detailed in last year’s report, a small change was made over the Summer of 2008 to the relative weightings of force elements in the overall metric, and this has helpfully damped out unduly large fluctuations from changes in the readiness of individual force elements², but the metric remains sensitive to changes in the readiness of highly weighted capabilities. Thus, for example, defects on a force element such as an aircraft carrier in one quarter have a measurable impact when they occur, and when rectified, and this level of detail must be taken into account to get a clearer view of trends.

1.33 Training for the small range of contingent readiness remains difficult to achieve as our focus continues to be on current operations. All Services, but especially the Army given relative proportion on operations, have struggled to maintain the training necessary for contingency operations while conducting current operations in Iraq and Afghanistan.

Summary assessment against PI.

PI 2.2: Manning Balance: Our ability to attract, recruit and retain the military personnel we need to deliver the capability to succeed on current operations and support our future readiness, assessed against what we deem to be the appropriate size and structure of the Armed Forces.

Some progress. The RAF was within the manning balance range at the start of the year but fell below as the year progressed to finish 2% outside manning balance at 1 April 2009. The RN and Army began the year outside manning balance by 1.3% and 1.5% respectively. By 1 April 2009 the position of both had progressed and the RN was 0.1% and Army was 0.5% outside manning balance. Increased recruitment will improve the position of all three Services over the coming year.

² Although it has made the overall metric 2% lower than at the end of the previous year.

Figure 1.3 – Manning Balance



Note: Manning Balance is defined as trained strength between 98% and 101% of the requirement.

Departmental Strategic Objective 3: Build for the future.

1.34 This DSO is supported by three Performance Indicators:

- **PI 3.1: Procuring and supporting military equipment capability, through life:** assessed against achievement of targets for key user requirements, full operational capability date, and in-year variation of forecast costs for design, manufacture and support.
- **PI 3.2: Procuring and supporting non-military equipment capability, through life:** assessed against achievement of targets for key user requirement, full operations capability date, and in year variation of forecast costs.
- **PI 3.3: Sustainable Development:** assessed against achievement of objectives for sustainable consumption and production, climate change and energy, natural resource protection and environmental enhancement, and sustainable communities.

Performance in 2008-09 against Departmental Strategic Objective 3

Overall assessment: No substantive progress against this objective

Summary assessment against PI.

PI 3.1: Procuring and supporting military equipment capability, through life, assessed against achievement of targets for key user requirements; full operational capability date; and in year variation of forecast costs for design, manufacture and support.

No progress. MOD met the key user requirement target of 97%, forecasting that 98% of these will be satisfied. The targets for variation in forecast cost and time were not met. Average in-year variation of cost is 2.8% (£1,242M) and average in-year variation of time was 5.9 months (a total of 242 months across all projects).

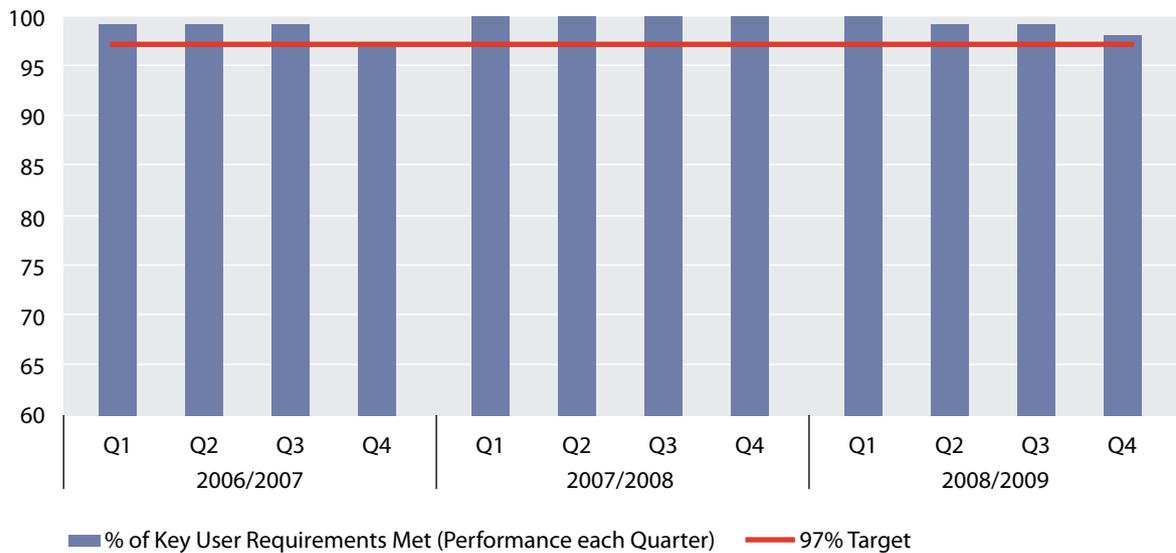
1.35 The targets were for the forecast delivery of the key user requirements for major equipment projects and their forecast cost and time. These are detailed in Figure 1.4 and are a continuation of those established in the 2004 Spending Review. The measure covers a broad range of projects with a capital value greater than £20M that had passed their main investment decision point (“Main Gate”) but had not reached their in-service date at the start of the financial year (a total of 42 projects for 2008-09).

Key User Requirements

1.36 Achieve at least 97% of key user requirements for all Category A to C projects, that have passed Main Gate approval, to be achieved throughout the PSA period.

Forecast achievement of 98% of the Key User Requirements.

Figure 1.4 – Key User Requirements

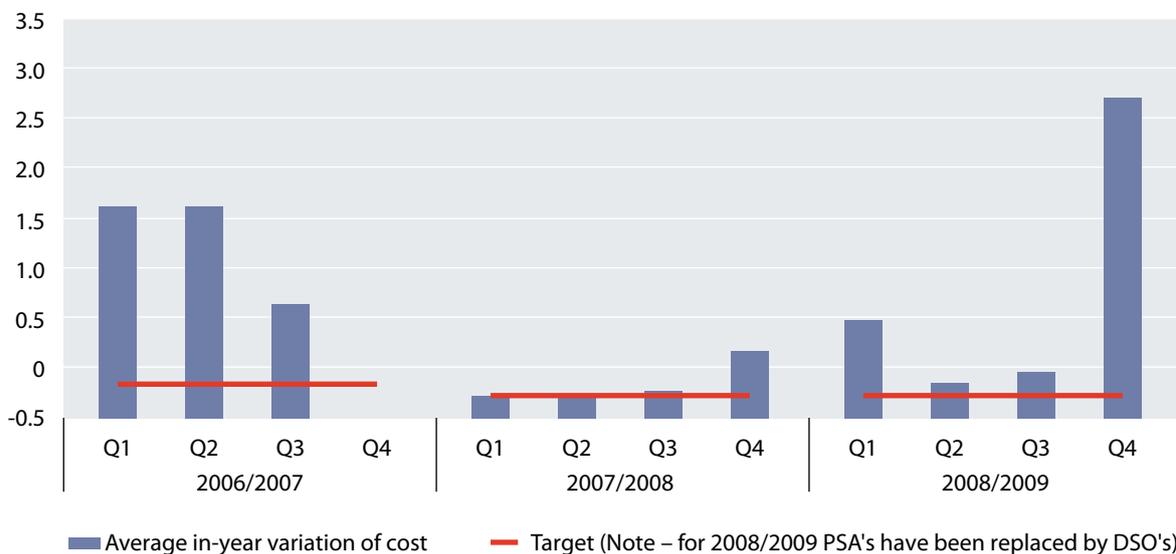


Cost

1.37 Average in-year variation of forecast costs for design and manufacture phase, for all Category A to C projects that have passed Main Gate approval, to be less than 0.2%.

Average in-year forecast cost increase was 2.8%.

Figure 1.5 – Forecast Cost Increases



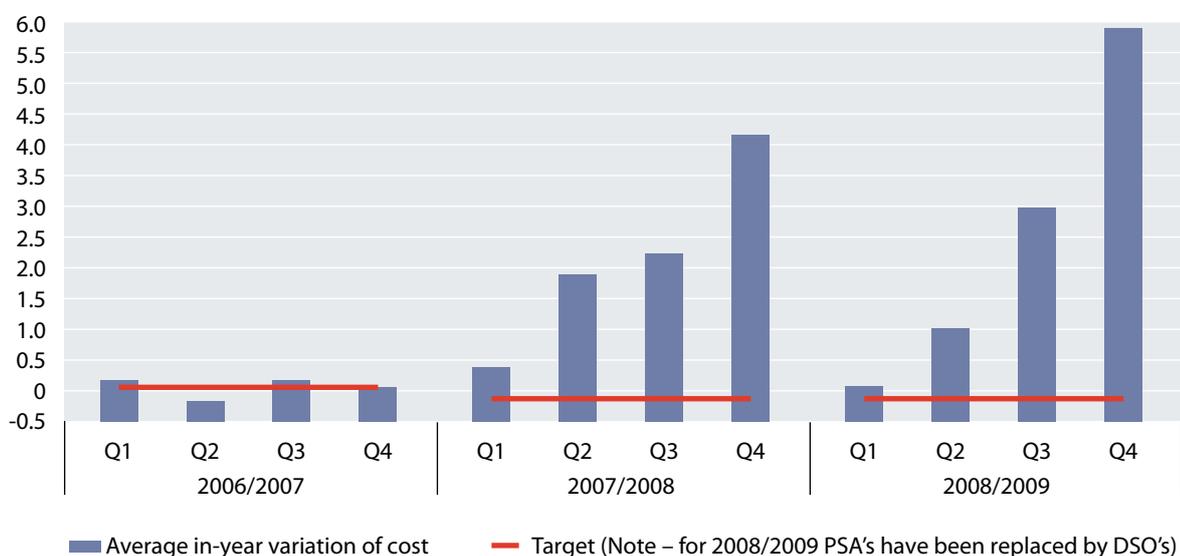
1.38 Figure 1.5 shows that the total net cost variation for 2008-09 is £1242M. Cost increases are primarily attributable to two projects – A400M, a heavy transport aircraft and the Queen Elizabeth Class aircraft carriers. Increases in the estimated costs of these programmes are offset by savings to Wildcat (Future Lynx) and Future Strategic Tanker Aircraft projects. The project with the largest single cost variation is the procurement of the Queen Elizabeth Class aircraft carriers which increased in cost by £1070M. Departmental decisions, where we choose to adjust a project to reflect changed circumstances or priorities and other factors, also contributed to the cost increase.

Time

1.39 Average in-year variation of forecast In Service Dates (ISD), for all Category A to C projects that have passed Main Gate Approval, to be no more than 0.4 months.

Average in-year forecast ISD slippage was 5.9 months.

Figure 1.6 – Forecast ISD slippage



1.40 Figure 1.6 shows that five projects have contributed 141 months (58%) to the total time variation of 242 months. These include; A400M heavy transport aircraft, Application Migration Project (part of the Defence Information Infrastructure programme), Soothsayer electronic warfare system, NEST the Naval Extremely High Frequency/Super High Frequency Satellite Terminal and a project to deliver a communications system to our Special Forces. Technical Factors are the key influence on time variation, consistent with historical precedent. Key contributors are a project to supply communications system for Special Forces (23 months), Soothsayer (22 months) and T102 radar (17 months). The 22 months delay to NEST is as a result of delays with the US satellite programme.

Summary assessment against PI.

PI 3.2: Procuring and supporting non-military equipment capability, through life, assessed against achievement of targets for key user requirement, full operations capability date, and in year variation of forecast costs.

Not assessed. Good progress has been made across most of the Non Equipment Investment Programme, but the statistical approach to measuring consolidated performance has not proved accurate.

1.41 The Non Equipment Investment Plan (NEIP) was used as a central programming tool for the first time in Planning Round (PR) 2007. It has continued to prove its value through the latest planning round, PR 2009, by enabling, amongst other things: informed judgements to be made on spend to save; accommodation projects looking out over ten years; and by balancing estate rationalisation costs with related disposal receipts.

1.42 One of the particular challenges that the department faced in taking the NEIP forward was to ensure that it captured properly the likely and emerging requirements for the second half of the ten year planning period. Primarily as a result of the previous four-year focus for the programming of such expenditure,

there remains scope to improve the longer-term strategic focus of the Plan. In particular, there remains an opportunity in the later years of the NEIP to consider the scope for additional business change and modernisation initiatives (particularly if they involve capital investment which results in direct RDEL savings). The Estate Development Plan will undoubtedly help in identifying longer-term estate priorities.

1.43 The benefits of a statistical approach to measuring the consolidated performance of the NEIP constituent programmes were trialled in earlier reporting, but the resulting analysis did not deliver a material benefit to the department's ability to measure progress in this area. The approach will be reviewed in the next year.

1.44 We can report, however, that good progress has been made across most of the programmes in the NEIP. For example:

- **DII(F)** – Improved delivery of the Defence Information Infrastructure (Future) has seen the successful completion of Increment 1 (62,800 fixed terminals) in February 2009 and good progress made on the combined increments 1 and 2a (100,000 terminals) on target for December 2009. Increment 2c achieved Main Gate approval and contract award in January 2009.
- **BORONA** – Work continues on this programme, which will repatriate two major units from Germany to the UK, following the announcement in January 2008 that the 1st Signal Brigade and 102nd Logistic Brigade would in principle return to Cosford and the West Midlands from around 2014, subject to a formal investment decision in 2009. Further, it was announced in May 2008 that the Headquarters Allied Rapid Reaction Corps, and its supporting elements, would relocate to Imjin Barracks, Innsworth Gloucestershire, in Autumn 2010 and preparations are well in hand to support that move.
- **MoDEL** (MOD Estate in London) – Work is progressing to consolidate the Defence Estate in Greater London through development of an integrated, fit for purpose 'core site' at RAF Northolt, with an initial investment of over £200M. Facilities across five sites are being consolidated before being released for disposal with the receipts generated financing the redevelopment and expansion. More generally, MoDEL has delivered betterment to our people by specifically providing modernised and improved living and working accommodation.
- **DE&S Collocation** – Work also continues on the further rationalisation of the Defence Equipment and Support (DE&S) organisation, which will deliver a collocated Acquisition Hub in Bristol by concentrating the majority of office-based staff at Abbey Wood. In addition, the DE&S' Performance Agility Confidence and Efficiency change programme announced in March 2008 sees further rationalisation and consequent development at Abbey Wood. Overall, this consolidation will see DE&S exit from Andover, Caversfield, Foxhill and Ensligh and both Brampton and Wyton. These moves enable wider rationalisation across the estate.
- **CDP** – The contract for the Corsham Development Programme private finance initiative was let this year. This £800M investment programme will create a centre of excellence for operational Defence Communication and Information and allow Information Support and Services to concentrate staff and selected industry partners on a single site at Basil Hill, Wiltshire, by the end of 2011. In addition, it will deliver improved living and working accommodation for around 2,200 military and civilian staff.
- **RSME** – The 30 year contract for the Royal School of Military Engineering PPP was let in September 2008 with Holdfast Training Services at a cost of around £5.6Bn. It will deliver more efficient and effective special-to-arm training for the Royal Engineers at Bicester, Chatham and Munby. The project frees up land in north Kent at Chattenden Barracks and Lodge Hill, elements of which are key to the Department for Communities and Local Government's Thames Gateway regeneration and local housing plans.
- **PRIDE** – The Programme to Rationalise and Integrate Defence Intelligence Staff Estate will collocate key Defence Intelligence units at Wyton. Initial construction works have commenced and the project is on track to deliver by Autumn 2013.
- **MMA** – The Midland Medical Accommodation project will bring together in Lichfield, Staffordshire the Headquarters of the Royal College of Defence Medicine from Birmingham, the Joint Medical Command (formerly the Defence Medical Education and Training Agency), and the Defence Medical Services Training Centre from Aldershot. It will also provide living accommodation and facilities for military training and sports. The project is still in its assessment phase, which was extended to address cost growth.
- **SLAM** – In 2008-09 the Armed Forces Single Living Accommodation Modernisation project, delivered 2,719 new bedspaces against a target of 2,250, bringing the total upgraded in the UK from April 2003 to March 2009 to 12,124 against a target of just over 11,000. Other projects at specific locations in the UK and overseas upgraded 5,540 bedspaces during 2008-09 against a target of 4,150. This included 570 overseas.

In all, over 34,500 bedspaces have now been built or upgraded since April 2002 and a further 28,500 are planned to be delivered by 2017-18.

Summary assessment against PI.

PI 3.3: Sustainable Development, assessed against achievement of objectives for sustainable consumption and production, climate change and energy, natural resource protection and environmental enhancement, and sustainable communities.

Some progress. Of the six sub indicators, three (energy use in buildings, water management and biodiversity condition) are on track to meet targets. Two (Fuels and travel and waste management) are showing minor weaknesses and one (Procurement) is showing a major weakness.

1.45 Energy Use in Buildings

Target – Reduce carbon dioxide emissions by 15% by 2010-11 and by 30% by 2020, relative to 2004-05 levels, measured in Tonnes of CO₂ emitted per annum from Defence Estate.

Assessment – The MOD has reduced CO₂ emissions from the Defence Estate by around 12% from the 2004-05 baseline levels. On current predictions we expect to achieve the target by 2010-11.

1.46 Fuel Use and Travel

Target – Reduce carbon dioxide emissions from road vehicles used for Government administrative operations by 15% by 2010-11, relative to 2005-06 levels.

Assessment – For 2007-08, the latest data available, we have made around 5% reduction in carbon dioxide emissions from road transport relative to 2005-06 baseline levels. With more lower-emission cars entering the White Fleet pool, in the near future, we expect to be on-track to meet the target by 2010-11. The planned appointment of a focal point for a Defence travel strategy will also contribute.

1.47 Procurement

Target – Become a national leader in sustainable procurement by December 2009 (Calendar year reporting using the Government's Sustainable Procurement Task Force Flexible Framework as the measuring tool). Position on Flexible Framework of five themes: People; Policy; Strategy and Communication; Procurement Process; Engaging Suppliers; and Measurements and Results. Target to reach:

- Level 1 in all five themes by 2008-09.
- Level 3 in all themes and level 5 in one theme by 2009-10.

Assessment – The MOD continues to make progress against the Sustainable Procurement Task Force Flexible Framework. However, a lack of dedicated funding for sustainable procurement means there is a significant and growing risk that the December 2009 target will be missed. This position was reinforced by a National Audit Office study which concluded that MOD, together with a number of other Government departments, is not yet on course to achieve the December 2009 target.

The main problem areas are sustainable procurement training, and development and implementation of sustainability risk assessment processes. Further funding will be required and will be sought as part of the Planning Round in 2010, and tested against other Defence priorities, but until this is resolved there will also be a risk to achievement of the March 2011 target.

1.48 Waste Management

Target – Departments to increase their recycling figures to 40% of their waste arisings by 2010.

Assessment – The MOD achieved 34% recycling and reuse of its waste in 2007-08 and is broadly on-track to meet a Government target of 40% by 2010-11. The assessment has less confidence than previously as continuing analysis of the available data on waste has confirmed it is poor quality. We were aware of this risk and are continuing work to improve the data through changes to waste contracts, but this will take time. The establishment of a MOD-wide Waste Management Authority is still being examined.

1.49 Water Management

Target – Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004-05 levels.

Assessment – The MOD has reduced its water use by 26% relative to 2004-05 levels, mainly through leakage reduction by the Aquatrine Service Providers. The last Aquatrine Service Provider has now installed the measurement arrangements and started to report actual consumption.

1.50 Biodiversity Condition

Target – Percentage of Sites of Special Scientific Interest (SSSIs) in sole ownership or control in target condition. Target of 86% by 2008-09. Work towards the Framework for Sustainable Operations on the Government Estate (SOGE) target of 95% of sites in target condition by 2010.

Assessment – The MOD has continued to improve the condition of the SSSIs it is responsible for managing and in March 2009 91.5% in England (against a Government target of 95% by 2010), 68% in Scotland (target 95% by 2010), 78% in Wales (target 85% by 2013) and 57% in Northern Ireland (target 95% by 2013) were in target condition.

Value For Money (VFM) Target

1.51 Under the 2007 Comprehensive Spending Review, the MOD is committed to Value for Money (VFM) reforms generating annual net cash releasing savings of £2.7Bn by 2010-11, building on savings of £3.045Bn in the 2004 Spending Review Period. In the April 2009 Budget MOD's 2010-11 VFM target was increased by £450M to £3.15Bn.

Summary assessment of VFM progress

Broadly on track. In 2008-09, the first financial year of the CSR07 settlement, MOD has achieved over £650M in cash-releasing, sustained and net of costs savings through a number of initiatives. These include improvements in various Corporate Enabling Services; efficiencies that have allowed reductions in civilian numbers working in the Defence Equipment and Support area; and changes to the way the Armed Forces operate in Northern Ireland.

All savings are reinvested in Defence.

Further detail on the VFM achievement in 2008-09 is contained in the Purpose section.

Relocation – Lyons Review

1.52 Under the Lyons Review the Department plans to relocate around 5,000 Defence posts out of London and the South East between April 2005 and March 2010 (against a target of 3,900). 2,701 had been relocated by March 2008 and there were a further net 1,175 moves out during 2008-09, for a total of 3,876. Moves planned during 2009-10 mean that we fully expect not only to meet our target early but to go on to exceed it by a substantial margin.

Financial Performance

1.53 Tables 1.2, 1.3 and 1.4 reflect the interim position as at 10 July, 2009. As such, figures for 2008-09 do not necessarily reflect final audited outturn published elsewhere in the Accounts. Tables 1.5 and 1.6 reflect audited outturn. Peace-keeping and Operations for 2009-10 include a forecast for military operations in Iraq and Afghanistan in line with the published Main Estimate. The volatile nature of military operations means we do not have a similar forecast for 2010-11.

1.54 Table 1.2 sets out, in resource terms, a summary of expenditure for 2003-04 to 2008-09, and the Defence Budget from 2009-10 to 2010-11. This is split into consumption of resources and capital spending. A detailed breakdown of each is provided at Tables 1.3 and 1.4 respectively. The total departmental spending is shown by Request for Resources (RfR), for the department's two budgets. This is the department's only document where the Ministry of Defence and Armed Forces Retired Pay and Pensions Estimates are reported together. It shows Resource Budget, Capital Budget, total departmental spending and near cash. Resource

expenditure consists of operating cost items such as pay, equipment, support costs, fuel and administrative expenses. Also included are non-cash items such as depreciation, cost of capital and movements in the level of provisions. The total resource budget is the sum of Resource Departmental Expenditure Limit (Resource DEL) and Resource Annually Managed Expenditure (Resource AME). Capital expenditure consists of the purchase of fixed assets, income from the disposal of fixed assets and the repayment of the capital element of loans to trading funds. The total capital budget is the sum of Capital DEL and Capital AME.

Table 1.2 – Total Departmental Spending¹

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Restated	Restated	Restated	Restated	Restated	Estimated	Plans	Plans
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn		
£'000								
Resource budget								
Resource DEL								
Provision of Defence Capability	30,157,129	30,392,236	32,438,408	32,041,650	33,526,699	33,868,439	35,710,092	36,595,376
Peace-Keeping and Operations	1,233,155	938,181	1,055,848	1,448,420	2,196,037	2,865,462	2,872,089	123,000
Total resource budget DEL	31,390,284	31,330,417	33,494,256	33,490,070	35,722,736	36,733,901	38,582,181	36,718,376
<i>of which: Near-cash</i>	21,372,520	21,860,260	22,714,046	23,449,695	24,683,615	26,192,146	26,728,544	24,473,437
Resource AME								
Provision of Defence Capability	200,052	55,883	-202,568	-505,609	204,409	-785,296	124,393	-143,588
Armed Forces Pay and Pensions etc	3,481,851	3,302,397	4,314,545	4,398,961	5,474,562	5,647,691	5,700,315	5,919,017
War Pensions and Allowances etc	1,116,047	1,109,521	1,068,595	1,038,073	1,014,130	999,771	1,023,706	992,352
Total resource budget AME	4,797,950	4,467,801	5,180,572	4,931,425	6,693,101	5,862,166	6,848,414	6,767,781
<i>of which: Near-cash</i>	2,442,614	2,562,068	2,546,264	2,749,002	2,755,616	2,956,073	3,047,461	3,029,660
Total resource budget	36,188,234	35,798,218	38,674,828	38,421,495	42,415,837	42,596,067	45,430,595	43,486,157
<i>of which: depreciation</i>	6,313,885	5,040,364	6,587,952	6,610,253	7,253,489	6,606,457	8,433,249	8,687,436
Capital budget								
Capital DEL								
Provision of Defence Capability	5,741,357	6,526,888	6,155,868	6,721,376	7,109,254	7,416,642	7,556,000	8,845,854
Peace-Keeping and Operations	260,275	173,842	211,243	348,198	835,876	1,225,742	1,564,640	-
Total capital budget DEL	6,001,632	6,700,730	6,367,111	7,069,574	7,945,130	8,642,384	9,120,640	8,845,854
Capital AME								
Provision of Defence Capability	-4,214	-	-	-	-709,000	-	56,837	-
Total capital budget AME	-4,214	-	-	-	-709,000	-	56,837	-
Total capital budget	5,997,418	6,700,730	6,367,111	7,069,574	7,236,130	8,642,384	9,177,477	8,845,854
Total departmental spending†								
Provision of Defence Capability	29,932,854	32,007,573	31,862,846	31,701,013	33,140,403	34,250,486	35,310,609	36,610,206
Armed Forces Pay and Pensions etc	3,481,851	3,302,397	4,314,545	4,398,961	5,474,562	5,647,691	5,700,315	5,919,017

	£'000							
	2003-04 Restated Outturn	2004-05 Restated Outturn	2005-06 Restated Outturn	2006-07 Restated Outturn	2007-08 Restated Outturn	2008-09 Estimated Outturn	2009-10 Plans	2010-11 Plans
War Pensions and Allowances etc	1,116,047	1,109,521	1,068,595	1,038,073	1,014,130	999,771	1,023,706	992,352
Peace-Keeping and Operations	1,341,015	1,039,093	1,208,001	1,742,769	2,769,383	3,734,046	4,140,193	123,000
Total departmental spending†	35,871,767	37,458,584	38,453,987	38,880,816	42,398,478	44,631,994	46,174,823	43,644,575
<i>of which:</i>								
Total DEL	31,089,053	32,990,783	33,273,415	33,961,647	36,486,239	38,096,482	39,419,339	36,881,284
Total AME	4,782,714	4,467,801	5,180,572	4,919,169	5,912,239	6,535,512	6,755,484	6,763,291

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

¹ Peace-keeping and Operations for 2009-10 include a forecast for military operations in Iraq and Afghanistan in line with the published Main Estimate. The volatile nature of military operations means we do not have a similar forecast for 2010-11.

1.55 Table 1.3 provides a breakdown of the department's resource outturn from 2003-04 to 2008-09, and the Defence Budget from 2009-10 to 2010-11, by Request for Resources (RfR) and Top Level Budget Holder. The figures are shown net of receipts.

Table 1.3 – Resource Budget DEL and AME

	£'000							
	2003-04 Restated Outturn	2004-05 Restated Outturn	2005-06 Restated Outturn	2006-07 Restated Outturn	2007-08 Restated Outturn	2008-09 Estimated Outturn	2009-10 Plans	2010-11 Plans
Resource DEL								
Provision of Defence Capability	30,157,129	30,392,236	32,438,408	32,041,650	33,526,699	33,868,439	35,710,092	36,595,376
<i>of which:</i>								
Front Line TLBs	11,676,251	12,117,114	12,946,674	7,578,387	9,124,190	12,083,580	12,458,025	12,426,558
<i>of which:</i>								
Commander-in-Chief Fleet	3,039,664	3,327,504	3,324,384	1,771,698	1,820,052	2,184,243	2,200,330	2,191,940
General Officer Commanding (Northern Ireland)	568,242	531,495	498,011	298,752	-	-	-	-
Commander-in-Chief Land Command	4,461,680	4,576,406	4,872,589	3,535,208	4,621,574	6,729,145	6,920,665	6,912,725
Commander-in-Chief Strike Command	3,139,978	3,189,749	3,742,359	1,640,444	2,264,545	2,732,676	2,872,984	2,872,115
Chief of Joint Operations	466,687	491,960	509,331	332,285	418,019	437,516	464,046	449,778
Personnel	2,984,438	3,191,381	3,123,127	2,214,738	879,891	-	-	-
<i>of which:</i>								
2nd Sea Lord / Commander-in-Chief Naval Home Command	592,796	684,288	664,011	-	-	-	-	-
Adjutant General (Personnel and Training command)	1,530,033	1,533,938	1,696,059	1,599,243	879,891			
Commander-in-Chief Personnel and Training Command	861,609	973,155	763,057	615,495	-	-	-	-
Logistics	7,565,041	6,470,145	7,315,447	12,584,338	2,292	-	-	-
<i>of which:</i>								
Chief of Defence Logistics	7,565,041	6,470,145	7,315,447	12,584,338	2,292			
Central	4,663,999	5,563,982	6,261,951	6,839,949	6,969,971	6,928,403	6,897,971	7,257,944

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Restated	Restated	Restated	Restated	Restated	Estimated	Plans	Plans
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn		
								£'000
<i>of which:</i>								
Central	4,663,999	5,563,982	5,134,022	4,173,133	4,365,463	4,235,456	4,271,942	4,495,157
Defence Estates	-	-	1,127,929	2,666,816	2,604,508	2,692,947	2,626,029	2,762,787
Equipment & Support Costs	3,267,400	3,049,614	2,791,209	2,824,238	16,550,355	14,856,456	16,354,096	16,910,874
<i>of which:</i>								
Defence Procurement Agency	2,848,906	2,542,345	2,292,348	2,302,796	2,690	-	-	-
Defence Equipment & Support	-	-	-	-	16,008,066	14,356,106	15,836,252	16,381,315
Science Innovation Technology	418,494	507,269	498,861	521,442	539,599	500,350	517,844	529,559
Peace-Keeping and Operations	1,233,155	938,181	1,055,848	1,448,420	2,196,037	2,865,462	2,872,089	123,000
<i>of which:</i>								
Peace-Keeping and Operations	1,233,155	938,181	1,055,848	1,448,420	2,196,037	2,865,462	2,872,089	123,000
Total resource budget DEL	31,390,284	31,330,417	33,494,256	33,490,070	35,722,736	36,733,901	38,582,181	36,718,376
<i>of which:</i>								
Near-cash	21,372,520	21,860,260	22,714,046	23,449,695	24,683,615	26,192,146	26,728,544	24,473,437
<i>of which:†</i>								
Pay	10,687,038	10,756,401	11,211,679	11,263,549	11,708,002	11,765,418		
Procurement	10,550,008	10,937,964	11,450,292	12,137,068	12,847,142	14,211,228	15,972,902	12,897,838
Current grants and subsidies to the private sector and abroad	129,857	164,108	128,548	141,578	152,664	182,118	142,608	146,930
Current grants to local authorities	-	-	-	-	-	-	-	-
Depreciation	6,302,863	5,040,364	6,587,952	6,597,997	7,181,627	7,279,803	8,283,482	8,682,946
Resource AME								
Provision of Defence Capability	200,052	55,883	-202,568	-505,609	204,409	-785,296	124,393	-143,588
<i>of which:</i>								
Front Line TLBs	3,590	-2,037	35,727	9,200	-	76	-	-
<i>of which:</i>								
Commander-in-Chief Fleet	-1,516	1,110	35,727	-	-	-	-	-
Commander-in-Chief Strike Command	-	-	-	-	-	76	-	-
Chief of Joint Operations	5,106	-3,147	-	9,200	-	-	-	-
Logistics	849	23,062	3,613	38,484	-	-	-	-
<i>of which:</i>								
Chief of Defence Logistics	849	23,062	3,613	38,484	-	-	-	-
Central	20,178	1,164	-2,175	231	36,325	-694,287	145,711	-12
<i>of which:</i>								
Central	20,178	1,164	-2,175	231	-12	-1,177,074	1	-12
Defence Estates	-	-	-	-	36,337	482,787	145,710	-
Equipment & Support Costs	175,435	33,694	-239,733	-553,524	168,084	-91,085	-21,318	-143,576
<i>of which:</i>								

	2003-04 Restated Outturn	2004-05 Restated Outturn	2005-06 Restated Outturn	2006-07 Restated Outturn	2007-08 Restated Outturn	2008-09 Estimated Outturn	2009-10 Plans	2010-11 Plans	£'000
Defence Procurement Agency	175,435	33,694	-239,733	-553,524	-	-	-	-	
Defence Equipment & Support	-	-	-	-	168,084	-91,085	-21,318	-143,576	
Armed Forces Pay and Pensions etc	3,481,851	3,302,397	4,314,545	4,398,961	5,474,562	5,647,691	5,700,315	5,919,017	
<i>of which:</i>									
Armed Forces Pay and Pensions etc	3,481,851	3,302,397	4,314,545	4,398,961	5,474,562	5,647,691	5,700,315	5,919,017	
War Pensions and Allowances etc	1,116,047	1,109,521	1,068,595	1,038,073	1,014,130	999,771	1,023,706	992,352	
<i>of which:</i>									
War Pensions and Allowances etc	1,116,047	1,109,521	1,068,595	1,038,073	1,014,130	999,771	1,023,706	992,352	
Total resource budget AME	4,797,950	4,467,801	5,180,572	4,931,425	6,693,101	5,862,166	6,848,414	6,767,781	
<i>of which:</i>									
Near-cash	2,442,614	2,562,068	2,546,264	2,749,002	2,755,616	2,956,073	3,047,461	3,029,660	
<i>of which:†</i>									
Pay	-	8,097	-	-	-	-	-	-	
Procurement	-	-	-	-	-	-	-	-	
Current grants and subsidies to the private sector and abroad	1,116,109	1,109,506	1,064,746	1,038,574	1,014,616	1,000,400	1,024,124	992,780	
Current grants to local authorities	-	-	-	-	-	-	-	-	
Depreciation	11,022	-	-	12,256	71,862	-673,346	149,767	4,490	
Total resource budget	36,188,234	35,798,218	38,674,828	38,421,495	42,415,837	42,596,067	45,430,595	43,486,157	

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

1.56 Table 1.4 provides a breakdown of the department's capital spending outturn from 2003-04 to 2008-09, and the Defence Budget from 2009-10 to 2010-11 by Request for Resources (RfR) and Top Level Budget Holder. The figures are shown net of receipts.

Table 1.4 – Capital Budget DEL and AME

	2003-04 Restated Outturn	2004-05 Restated Outturn	2005-06 Restated Outturn	2006-07 Restated Outturn	2007-08 Restated Outturn	2008-09 Estimated Outturn	2009-10 Plans	2010-11 Plans	£'000
Capital DEL									
Provision of Defence Capability	5,741,357	6,526,888	6,155,868	6,721,376	7,109,254	7,416,642	7,556,000	8,845,854	
<i>of which:</i>									
Front Line TLBs	334,491	252,045	109,842	103,116	196,003	238,583	655,910	632,324	
<i>of which:</i>									
Commander-in-Chief Fleet	37,479	17,078	6,739	13,971	29,012	19,643	51,697	55,430	

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Restated	Restated	Restated	Restated	Restated	Estimated	Plans	Plans
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn		
								£'000
General Officer Commanding (Northern Ireland)	43,329	28,000	5,585	2,371	-	-	-	-
Commander-in-Chief Land Command	185,673	153,000	60,489	75,369	120,311	149,955	367,168	324,264
Commander-in-Chief Strike Command	40,367	28,000	18,420	7,083	12,628	14,365	120,823	139,106
Chief of Joint Operations	27,643	25,967	18,609	4,322	34,052	54,620	116,222	113,524
Personnel	75,538	69,374	42,626	26,354	2,936	-	-	-
<i>of which:</i>								
2nd Sea Lord / Commander-in-Chief Naval Home Command	28,390	23,000	10,978	-	-	-	-	-
Adjutant General (Personnel and Training command)	29,025	22,374	18,110	15,598	2,936			
Commander-in-Chief Personnel and Training Command	18,123	24,000	13,538	10,756	-	-	-	-
Logistics	1,200,739	1,309,138	1,018,512	1,169,954	-	-	-	-
<i>of which:</i>								
Chief of Defence Logistics	1,200,739	1,309,138	1,018,512	1,169,954	-	-	-	-
Central	-164,939	281,774	-242,234	138,789	248,936	154,145	177,476	118,295
<i>of which:</i>								
Central	-164,939	281,774	-368,056	48,012	40,809	-298,310	86,143	106,532
Defence Estates	-	-	125,822	90,777	208,127	452,455	91,333	11,763
Equipment & Support Costs	4,295,528	4,614,557	5,227,122	5,283,163	6,661,379	7,023,914	6,722,614	8,095,235
<i>of which:</i>								
Defence Procurement Agency	4,295,528	4,614,557	5,227,122	5,283,045	-	-	-	-
Defence Equipment & Support	-	-	-	-	6,661,020	7,023,149	6,722,614	8,095,235
Science Innovation Technology	-	-	-	118	359	765	-	-
Peace-Keeping and Operations	260,275	173,842	211,243	348,198	835,876	1,225,742	1,564,640	-
<i>of which:</i>								
Peace-Keeping and Operations	260,275	173,842	211,243	348,198	835,876	1,225,742	1,564,640	-
Total capital budget DEL	6,001,632	6,700,730	6,367,111	7,069,574	7,945,130	8,642,384	9,120,640	8,845,854
<i>of which:</i>								
Capital expenditure on fixed assets net of sales†	6,006,258	6,774,460	6,798,767	7,073,654	7,955,079	8,679,846	9,113,711	8,845,854
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-
Net lending to private sector	-	-	-	-	-	-	-	-

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Restated	Restated	Restated	Restated	Restated	Estimated	Plans	Plans
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn		
Capital support to public corporations	-4,626	-73,730	-75,567	-4,080	-9,949	-39,065	6,929	-
Capital support to local authorities††	-	-	-	-	-	-	-	-
Capital AME								
Provision of Defence Capability	-4,214	-	-	-	-709,000	-	56,837	-
<i>of which:</i>								
Central	-4,214	-	-	-	-709,000	-	56,837	-
<i>of which:</i>								
Central	-4,214	-	-	-	-	-	-	-
Defence Estates	-	-	-	-	-709,000	-	56,837	-
Total capital budget AME	-4,214	-	-	-	-709,000	-	56,837	-
Total capital budget	5,997,418	6,700,730	6,367,111	7,069,574	7,236,130	8,642,384	9,177,477	8,845,854
<i>of which:</i>								
Capital expenditure on fixed assets net of sales†	6,006,258	6,774,460	6,798,767	7,073,654	7,246,079	8,679,846	9,170,548	8,845,854
Less depreciation†††	6,313,885	5,040,364	6,587,952	6,610,253	7,253,489	6,606,457	8,433,249	8,687,436
Net capital expenditure on tangible fixed assets	-307,627	1,734,096	210,815	463,401	-7,410	2,073,389	737,299	158,418

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.

††† Included in Resource Budget.

1.57 Table 1.5 sets out the total capital employed by the department.

Table 1.5 – MOD Capital Employed

Any minor differences between the totals and their constituent parts is due to rounding differences.

£M		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Assets on Balance Sheet:	Notes	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Fixed Assets		87,345	92,630	95,272	99,263	105,120	110,549	112,208	113,891
<i>of which:</i>									
Land and Buildings		15,299	18,122	18,457	18,433	19,774	19,609	19,903	20,201
Single Use Military Equipment		27,157	30,565	31,489	34,244	35,767	35,410	35,941	36,480
Plant, Machinery and Vehicles		3,453	3,475	3,274	2,649	1,753	2,176	2,208	2,241
IT and Communications Equipment		897	1,033	986	1,134	1,059	955	970	984
Assets under Construction		13,177	12,457	13,657	13,793	14,967	19,397	19,688	19,983
Transport	1	-	3,982	3,912	4,347	4,611	4,838	4,910	4,984
Capital Spares	2	6,754	-	-	-	-	-	0	0
Intangible Assets		20,187	22,648	22,983	24,163	26,692	27,948	28,367	28,793
Investments		421	347	514	500	497	217	220	224

£M		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Assets on Balance Sheet:	Notes	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Current assets		9,306	9,405	9,991	9,032	9,725	11,924	10,976	11,140
of which:									
Stock & work in progress		6,318	6,095	6,052	5,321	5,289	6,221	6,314	6,409
Debtors (Inc >1 year)		2,676	2,871	2,921	3,237	3,922	3,679	3,734	3,790
Cash at bank and in hand		312	438	1,018	474	514	914	927	941
Derivative Financial Instruments							1,111	1,127	1,144
Creditors (< 1 year)	3	-5,663	-6,076	-6,449	-6,739	-8,111	-8,550	-8,678	-8,808
Creditors (> 1 year)		-452	-810	-1,058	-975	-1,143	-1,074	-1,090	-1,106
Provisions		-9,389	-9,503	-6,275	-5,772	-5,754	-5,734	-5,820	-5,908
Capital employed within Main Department		81,147	85,645	91,481	94,810	99,836	107,115	107,595	109,209
Royal Hospital Chelsea Net Assets		331	339	336	343	613	613	613	613
Total capital employed in departmental group		81,478	85,984	91,817	95,153	100,449	107,728	108,208	109,822

1.58 Table 1.6 sets out Administration expenditure.

Table 1.6 – Administration Costs

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
£'000								
Administration Expenditure								
Paybill	2,137,233	2,560,163	2,616,612	2,356,948	2,356,626	1,716,179		
Other	-	-	-	-	21,864	563,705		
Total administration expenditure	2,137,233	2,560,163	2,616,612	2,356,948	2,378,490	2,279,884	2,237,737	2,183,233
Administration income	-	-	-	-	-	-	-	-
Total administration budget	2,137,233	2,560,163	2,616,612	2,356,948	2,378,490	2,279,884	2,237,737	2,183,233
Analysis by activity								
Provision of Defence Capability	2,137,233	2,560,163	2,616,612	2,356,948	2,378,490	2,279,884	2,237,737	2,183,233
Total administration budget	2,137,233	2,560,163	2,616,612	2,356,948	2,378,490	2,279,884	2,237,737	2,183,233

Purpose

The MOD has a vital role to play in contributing to the achievement of the UK Government's foreign policy and security objectives. Success in the operations of today is our primary purpose but we must also remain ready to undertake future tasks and react to contingencies as they arise. In addition, we need to develop policy appropriate to today's security challenges, and play a role in the wider community.

Using the Defence Balanced Scorecard the Defence Board has set the following challenge:

Are we fit for the challenges of today and ready for the tasks of tomorrow?

And monitors three areas of activity:

A. Current Operations: Succeed in operations and Military Tasks today.

B. Readiness: Be ready for the tasks of tomorrow.

C. Policy: Work with allies, other Governments and multilateral institutions to provide a security framework that matches new threats and instabilities.

These three areas are described in more detail in the following section.



Section A

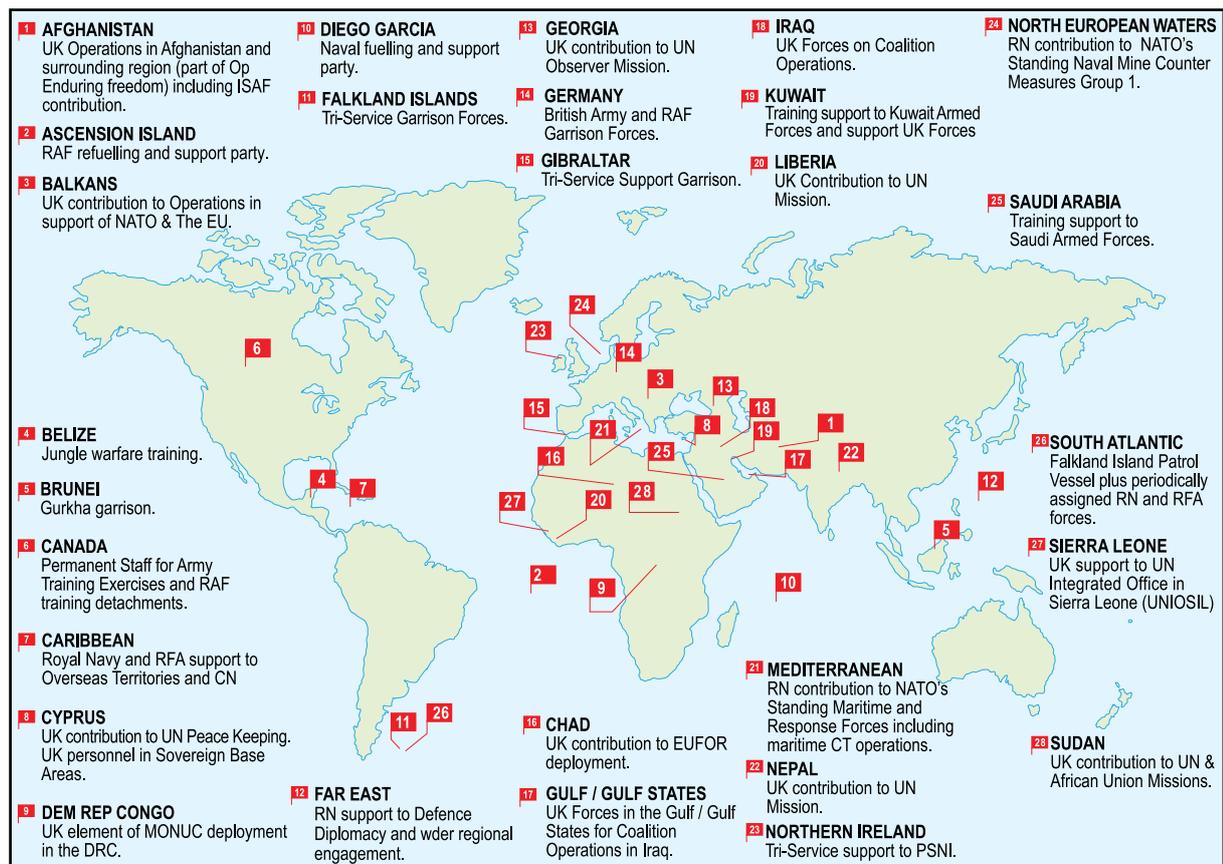
Current Operations

2.1 The Ministry of Defence and the Armed Forces exist to defend the United Kingdom and its interests and strengthen international peace and stability. Security is a prerequisite for stability and promotes prosperity. Once again in 2008-09 the Armed Forces were engaged in two highly demanding medium-scale operations in Iraq and Afghanistan. Achieving success on these operations has been the overwhelming aim of the MOD and the Armed Forces throughout the year, and all necessary effort and resources have been devoted to this end. Considerable progress has been made in Iraq: combat operations ceased in May 2009 and UK troops will be withdrawn by the end of July 2009. Afghanistan has been an extremely challenging operational environment and it has been necessary to increase the size of forces and their capability as efforts have focussed on targeting Taliban command and control structures to disrupt the insurgency.

2.2 In addition the Armed Forces were deployed in a further 28 locations around the world (see Figure 2.1 below) undertaking a number of standing military tasks and providing assistance to a number of Governments in support of UK commitments and interests.

2.3 Running two concurrent medium-scale operations has meant that we have continued to operate above the level we routinely plan for. Achieving operational objectives has only been possible at the expense of some lower priority activities, in particular readiness for contingent operations, and with the forbearance of Service personnel, a significant number of whom have had to deploy more frequently on operations than we would normally expect. We are immensely grateful to them and their families, and to the civil servants who support them.

Figure 2.1 – Principal Deployments of the Armed Forces 1 April 2008 – 31 March 2009



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Iraq

Overview

2.4 The United Kingdom's Armed Forces were deployed in Iraq, under the mandate of United Nations Security Council Resolution 1790, until its expiry at the end of 2008. From 1 January a new legal basis was agreed with the Government of Iraq. With the expiry of the United Nations mandate, Iraq's sovereignty was restored and the Government of Iraq now leads in maintaining security throughout the country. The security situation in Iraq continued to improve over the year, with levels of violence at their lowest since 2003. This improvement and the growing capacity of the Iraqi Security Forces has enabled further progress in economic and democratic development. UK Government programmes sought to attract inward investment to the country and to build the capacity of the Iraqi Government at national and provincial levels. We also supported political progress at both levels, including the successful provincial elections held on 31 January 2009.

2.5 UK Service personnel and Defence civilians continued to make a significant contribution to this progress in Iraq. During 2008-09, the number of UK Service personnel deployed in the Gulf region on, or in support of, Operation TELIC remained constant at around 6,500. The number of personnel in southern Iraq also remained constant during 2008-09 at around 4,100, the majority being based at the Contingency Operating Base at Basra Airport. The net additional cost of operations was £1.38Bn in 2008-09, compared to £1.46Bn in 2007-08.

Reserves

2.6 As of 31 March 2009, some 200 members of the Volunteer and Regular Reserve forces were deployed in the TELIC Joint Operational Area. They performed a wide range of tasks including force protection, logistics, medical support and reinforcing regular units. In addition, up to 28 members of the Sponsored Reserve were deployed, fulfilling specialist tasks such as the provision of meteorological information, aircraft maintenance and heavy equipment transportation.

Civilians

2.7 During the year, 70 Defence civil servants were deployed in Iraq in direct support of UK operations, providing financial, policy and political, claims, commercial and media advice to deployed UK forces and coalition headquarters, as well as specialised scientific support, graphics support, and

fire services. A small number of civil servants also worked as advisors and mentors helping to develop the capacity of the Iraqi Ministry of Defence in Baghdad.

Key Achievements

Figure 2.2 – Map showing Multi-National Division in Iraq



2.8 In southern Iraq UK forces continued to focus on the completion of the key remaining military tasks set out by the Prime Minister to Parliament on 22 July 2008. They centred on the training and mentoring of the 14th Division of the Iraqi Army, including combat brigades, divisional headquarters and support elements, and the overall Basra Operations Command. Our aim with 14th Division in Basra was to develop its capability so that it is able to plan, execute and sustain operations without coalition assistance.

2.9 Our training and mentoring has been delivered by UK Military Transition Teams (MITTs) embedded at all key levels of command in the Iraqi Army in Basra city. UK forces also retained the capacity to support Iraqi-led operations when requested but 14th Division and the Iraqi Security Forces demonstrated their ability to ensure security with minimal coalition assistance, including over the period of provincial elections in January, which passed off peacefully.

2.10 The UK assisted with the development of Basra International Airport, including training and support to allow the Iraqis to take responsibility for management and operation of the airport on 1 January 2009. On the same day, Iraq regained control of its sovereign airspace.

2.11 Other activities in the year included:

- Training and mentoring the Iraqi Navy and Marines at Umm Qasr Naval Base;

- Maintaining the sovereignty and integrity of Iraqi territorial waters, in particular protecting Iraq's offshore oil infrastructure and the security of merchant vessels;
- Working with the Iraqi security forces and coalition partners on operations to deter and disrupt militia activities in Basra;
- Providing intelligence, surveillance, reconnaissance, close air and other air support to Iraqi and coalition forces;
- Capacity-building in national institutions such as the Iraqi Ministry of Defence and participation in the NATO Training Mission in Iraq; and
- Supporting the efforts of DFID and FCO to stimulate economic development and political progress in Iraq.

2.12 The security situation in Basra remains very positive. Iraqi security forces are firmly in control and Basrawis are able to go about their normal daily lives without significant security concerns; their priorities are employment and the provision of basic services. The number of attacks against coalition forces continued to fall in 2008-09, with 47 attacks in the first quarter of 2009, compared with 928 during the second quarter of 2007, when attacks were at their peak. During 2008-09 three UK Service personnel died (none of which was the result of hostile action) and no UK Service personnel sustained very serious or serious injuries in Iraq, compared with 42 deaths and 49 very serious or serious injuries in 2007-08. This brought the total number of UK deaths from the start of Operation TELIC in March 2003 until 31 March 2009 to 179, of whom 111 were classed as killed in action (including as a result of hostile action). We continued to make improvements to tactics and training, equipment and infrastructure to ensure that our personnel have the optimum levels of protection, including the delivery of numerous urgent operational requirements such as the protected mobility vehicle Mastiff.

HMS Somerset supporting the newly formed Iraqi Coastal Defence Force with constabulary duties within Iraqi waters



Detention

2.13 On 1 April 2008, UK forces held two detainees at the internment facility at the UK base in Basra. There was a temporary increase to seven detainees in May and ten in June. Under the legal basis agreed with the Government of Iraq that took effect from 1 January 2009, the UK no longer has the power to intern or detain in Iraq. Our final two internees were transferred to Iraqi custody on 31 December 2008. They are accused of the unlawful killing of two British Servicemen, Sapper Luke Allsop and Staff Sergeant Simon Cullingworth, and their trial for war crimes began at the Iraqi Higher Tribunal in April 2009.

Completion of Mission in Basra

2.14 On 18 December 2008, the Prime Minister announced to Parliament that our remaining military tasks in Basra would be complete and there would be a fundamental change of mission by 31 May 2009, as we made the transition to a normal bilateral defence relationship with Iraq. In fact, our remaining tasks were successfully concluded on 30 April 2009, and the focus of UK forces since then has been on the safe and orderly withdrawal from Basra. We expect our future military activity in Iraq to focus on the Royal Navy's protection of Iraqi oil platforms in the Northern Gulf, training the Iraqi Navy and Marines and training the officers of the Iraqi Armed Forces. This will require some 100 UK personnel to be based at Umm Qasr in southern Iraq.

20 Armoured Brigade flag in Basra, Iraq, being lowered for the final time



2.15 UK forces' Joint Force Logistic Component has been responsible for the drawdown of UK forces from Iraq. Materiel and vehicles have been transported from southern Iraq to Kuwait, where they are prepared for return to the UK and Germany. Assets have been recorded and made visible to the asset owners in UK and assessed to determine whether they should be recovered, gifted, sold or treated as a constructive loss or write-off. This process is due to be completed by 31 October 2009.

Afghanistan

Overview

2.16 The UK continued to play a leading role in the NATO-led International Security Assistance Force (ISAF) in Afghanistan. ISAF remains NATO's largest ever mission, now with 42 nations contributing around 58,000 troops as of March 2009. The international community aims to support the Government of Afghanistan as it extends its authority across the whole country; to facilitate development and reconstruction; and to improve security. Our mission is to prevent the country from harbouring terrorism again, to widen and enhance security, and to build up Afghan Government institutions so that the progress of recent years becomes irreversible. Progress has been made, but it will take time and patience to achieve our objectives.

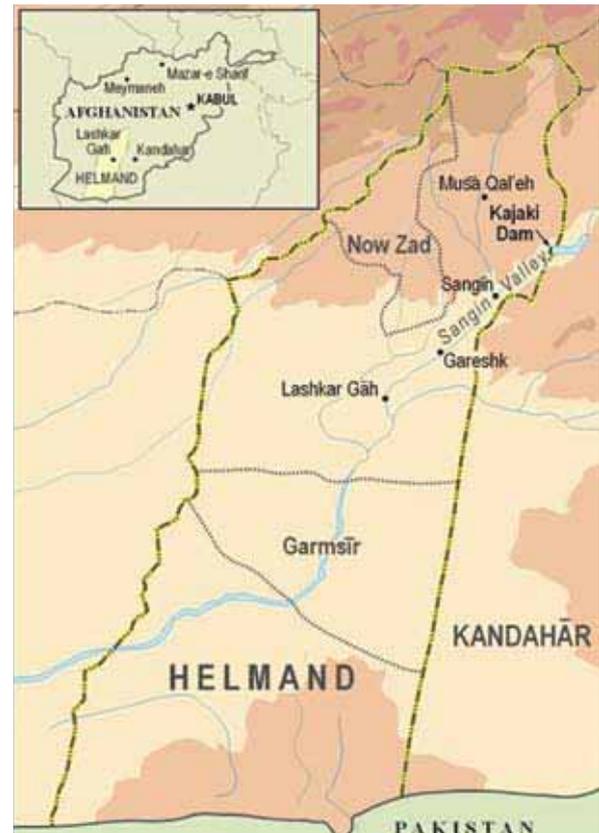
Mastiff vehicles used in Iraq and Afghanistan



Command structure

2.17 The ISAF mission to Afghanistan continues to be divided into five regional commands. The UK's presence is predominantly in Regional Command (South) (RC(S)), although there is also a small presence in Kabul. RC(S) was host to 19 ISAF contributing nations, the largest of which are the UK, USA, Canada, The Netherlands, Australia and Denmark. Most UK forces operate in Helmand province, but the UK is committed to a regional approach, providing capabilities able to operate across RC(S). These include a regional battle group able to manoeuvre and concentrate force such as air assets including fast jets, reconnaissance platforms, attack helicopters and transport aircraft. Collectively, these capabilities have been used throughout RC(S).

Figure 2.3 – Map of Afghanistan



2.18 Over the course of 2008-09, two formations provided the headquarters for Task Force Helmand. 16 Air Assault Brigade served from April to October 2008, and 3 Commando Brigade, Royal Marines for the remainder of the period. 2008-09 also saw UK force levels progressively rise from 7,800 to 8,300. In June 2008 a net increase of 230 posts was announced, designed primarily to improve the level of protection afforded to our personnel, to increase the capacity of our forces to train and mentor the Afghan national security forces and to increase the capacity of our forces to deliver reconstruction and development in an insecure, or semi-secure environment. In December, we announced a temporary increase of infantry to secure the provincial capital of Lashkar Gah and the operational gains made in retaking Nad-e-Ali.

A Ridgback armoured vehicle at Aldershot before being shipped into theatre. The vehicle, part of an Urgent Operational Requirement (UOR) is a smaller version of the Mastiff enabling it to be used in urban operations



2.19 In March 2009 further short-term increases were announced which will see force levels peak at 9,000 during the Afghan elections before reducing to 8,300 in 2010. The increased size of the UK forces and the significant enhancements in their capability meant that the net additional cost of UK operations in Afghanistan rose substantially, from £1.5Bn in 2007-08, to £2.6Bn in 2008-09.

Reserves

2.20 The number of Reserves deployed on, or in support of, operations in Afghanistan grew over the year in line with the overall increase in numbers. An average of 560 Reserve personnel were deployed in Afghanistan at any one time, with around 1,200 deployed during the year.

Civilians

2.21 Some 200 Defence civil servants were deployed in Afghanistan during the year in support of Operation HERRICK, filling posts providing financial, policy and political, claims, commercial, intelligence analysis and media advice to deployed UK forces and coalition headquarters, specialised scientific support, and the Ministry of Defence Police. They also worked as advisors and mentors helping develop the Afghanistan Ministry of Defence in Kabul.

Challenges

2.22 Afghanistan remains an extremely challenging operational environment and the capabilities of Task Force Helmand are being continually upgraded. On the advice of military commanders, nearly 700 more new armoured vehicles are being purchased and another 200 refurbished. This has enabled the replacement of Snatch Land Rovers by better protected vehicles

in many roles. Commanders have nonetheless concluded that Snatch is still needed for some roles. Over £30M is therefore being spent to upgrade the remaining vehicles on operations to Snatch Vixen, which maintains manoeuvrability but increases protection. Enhanced counter-improvised explosive device capabilities have been deployed and the Airborne Stand-Off Radar has conducted a successful series of trials in support of operations in Afghanistan.

Chinook on operations



2.23 Regrettably, 61 Service personnel were killed in Afghanistan during the year (39 in 2007-08), and a further 62 suffered very serious, or serious, injuries (80 in 2007-08). This brought the total number of deaths from the start of operations in Afghanistan in November to 31 March 2009 to 152, of whom 123 were classed as killed in action (including as a result of hostile action).

Key Achievements

2.24 During the year, Task Force Helmand continued to focus its efforts on targeting Taliban command and control structures, in order to disrupt the insurgency and create the security environment required for the spread of governance. During their tour, 16 Air Assault Brigade, with the Helmand Provincial Reconstruction Team facilitated the operations of the US Marine Corps in and around Garmsir, enabling the Government of Afghanistan to extend its authority in this area. In September 2008, along with US, Canadian, Danish, Australian and Afghan troops, 16 Air Assault Brigade were also involved in the 360 kilometre round-trip to deliver a turbine by road from Kandahar Airfield to the Kajaki Dam in northern Helmand. In December 2008, 3 Commando Brigade played a critical role in Operation SOND CHARA. The operation, involving some 1,500 Afghan security forces, British, Danish and Estonian troops of Task Force Helmand, was launched to provide better security to the provincial capital of Helmand, Lashkar Gah, following recent attacks and to provide security for voter registration

to take place ahead of the Afghan presidential elections in August 2009. The Afghan National Police and Afghan National Army (ANA) are now consolidating their recent gains, and as a result of this operation have the opportunity to maintain more effective control of over 180 square kilometres of territory for the legitimate Afghan Government, much of which was previously under Taliban influence. The operation has been very successful. The challenge is now to build on this to promote long-term development and economic growth.

The Kajaki hydroelectric dam, Helmand province, southern Afghanistan



2.25 Operations across Helmand and RC(S) have been provided with intelligence, surveillance, reconnaissance and close air support by Harrier GR9 and Reaper, while Nimrod has continued to provide vital support to ISAF commanders in theatre. The Hercules force has been particularly busy providing intra-theatre lift and frequent air dispatch drops to UK, ISAF and Afghan forces, reducing the risk of mounting land convoys, while C-17 and Tri-star aircraft have provided transport for equipment and personnel into and out of theatre.

2.26 A further major focus has been to develop the capabilities of the Afghan security forces through extensive programmes of training, equipping and mentoring. In Helmand, UK forces are involved in training and mentoring a brigade of 4,200 personnel. These troops are among the most capable in the Afghan Army. Most can now plan, execute and sustain operations with minimal ISAF support. As of March 2009 over 80,000 Afghan troops had been recruited and trained at the Kabul Military Training Centre and around 80,000 Afghan National Police officers have been recruited, trained, equipped and deployed, representing a growing indigenous contribution to the security of their country during the year. Crucially, our work with ANA is not just about mentoring and training troops so that they can ultimately replace international forces in countering the insurgency, but building institutional capacity so that the ANA is capable of recruiting, training and sustaining itself. This is co-ordinated with our wider

capacity-building work in, for example, developing the Afghan Ministry of Defence.

Commando Royal Marines during Operations



2.27 Over 90% of ISAF operations are conducted in conjunction with the ANA and they are now starting to take the lead in independent operations, a major step towards the goal of self sufficiency in national security. In Operation ATTAL, in January 2009, 700 Afghan personnel, commanded and overseen by an Afghan General and following an Afghan plan, cleared an area of insurgents and held it in sufficient force until security architecture could be erected. Afghan engineers then established a new police checkpoint, which now provides an enduring security presence in an area once controlled by the Taliban. This in turn reduced their ability to move weapons, improvised explosive devices and other equipment essential to fuelling the insurgency.

2.28 The Afghan National Police face many challenges. It is important that we and our partners continue to support their reform and development. The UK has serving police officers working in both EU Police Mission (EUPOL) and the US Police reform teams. We also have a substantial bilateral police reform programme using a combination of serving and former police officers and soldiers. Our officers are performing a variety of key roles including mentoring the Deputy Minister of Interior, advising the Helmand Chief of Police and developing a national training strategy. The UK currently has 15 officers working in EUPOL, split between Kabul and Helmand. The MOD has deployed 13 Ministry of Defence police officers to assist this mentoring effort in both Kabul and Helmand and 24 UK service policemen with associated infantry support to mentor directly Afghan National Police officer on the beat in Helmand.

Soldier on guard in Lashkar Gah



2.29 Our civil military mission in Helmand is based in the provincial capital, Lashkar Gah, where it supports the work of the Office of the Governor of Helmand. We have a fully comprehensive approach with our civilian and military efforts combined and co-ordinated in a single plan – the “Helmand Roadmap”. We currently have 80 civilian experts working alongside 40 members of the Armed Forces and in partnership with the Afghans. This includes civilian staff forward based in districts outside Lashkar Gah – Musa Qala, Sangin, Gereshk, Nad-e-Ali and Garmsir.

The Royal Artillery getting to grips with the Ground Control System for the new UAV “Desert Hawk” before they deploy to Afghanistan



Unmanned Air Systems In Afghanistan

Uninhabited air systems, robot drones, spies in the sky. Whatever you call them Unmanned Air Vehicles (UAVs) are playing a vital role in providing intelligence and accurate fire power for UK forces in Operation HERRICK.

In Afghanistan unmanned air systems have proliferated, excelling in their ability to undertake dull, monotonous and often dangerous duties. Although many modern UAVs are expensive items, there is no risk of losing personnel from enemy action. UAVs can therefore be used to perform tasks in situations where it would be unacceptable to use a manned aircraft due to the risk involved. With an unblinking eye they are able to observe the pattern of life, search tirelessly and accurately for signs of improvised explosive devices, provide day and night short- and long-range reconnaissance and deliver weapons on to selected targets with precision.

A range of UAVs are operating in Afghanistan, each procured as independent Urgent Operational Requirements but deployed to provide a layered capability.

The Lockheed Martin “Desert Hawk” is a lightweight (mini) air vehicle, hand-launched by ground troops, to provide Battery commanders with “round the corner” and “behind the hill” surveillance. Operated by 47 Regiment Royal Artillery, the 22 systems, comprising 176 Air Vehicles each weighing just seven pounds with an endurance of 90 minutes and a range of 15km provide critical day/night over-watch of ground troops in Helmand Province on operations via its electro-optical and infra-red cameras.

Hermes 450 is a tactical UAV. Manufactured by Elbit Systems of Israel, with the overall system provided by THALES as an innovative “power by the hour” service provision contract, which was delivered within seven months of approval. With a wingspan of 10m, weight of 450kg and endurance of 16 hours operated and maintained by 32 Regt Royal Artillery in theatre the system has achieved over 18,000hrs flying hours since its introduction in July 2007 and provided Brigade Headquarters with persistent day and night surveillance video and target spotting. Using the electro-optical/infrared payload, Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) missions have included identifying Taliban repeater stations, following insurgents from contact back to their hideout and flying low over enemy combatants causing them to retreat.

The General Atomics' designed Reaper UAV is now contributing to operations in Afghanistan, following a rapid and successful deployment time of 15 months from requirement to delivery in theatre. With a 20 metre wingspan, weight of 1,450kg and endurance of in excess of 16 hours Reaper provides an all-weather, ISTAR capability, 24 hours a day; the aircraft is flown by the RAF's, 39 Squadron, 10,000 miles away in the USA. The system, procured through a US foreign military sale process, is equipped with Hellfire missiles, laser-guided bombs, real-time video, infra-red and synthetic aperture radar sensors. Reaper disseminates this imagery to front-line soldiers and operational commanders.

These combined systems are enabling UK forces to achieve their mission in the fight against the Taliban and giving battlefield commanders a significant edge, with Desert Hawk and Hermes 450 providing real-time information to support troop movements and Reaper with its ability to strike key targets with surgical precision. UAVs have proved their ability in combat and now have a crucial role to play in current and future operations.

A Reaper Unmanned Aerial Vehicle at Kandahar Airfield in Afghanistan. Controlled from a remote location, Reaper can detect, acquire and destroy targets using Paveway bombs and Hellfire missiles



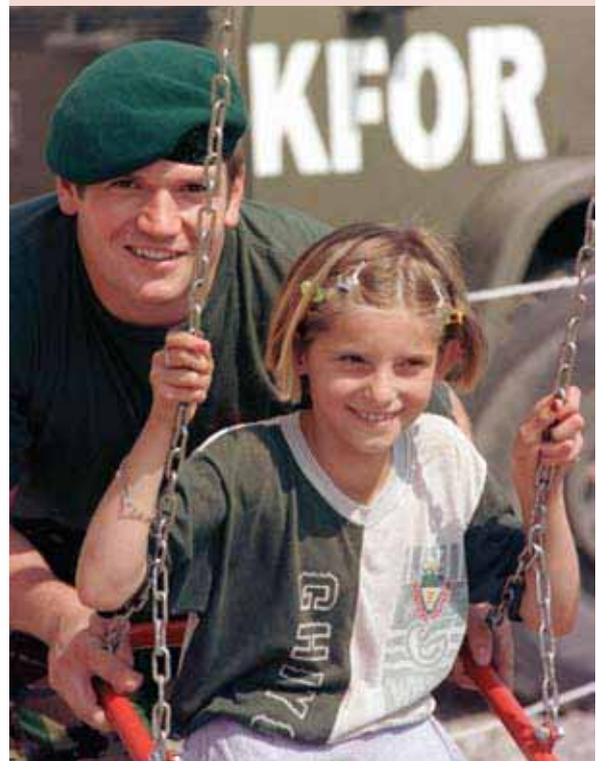
Kosovo

Operation OCULUS

2.30 The establishment of Kosovo's sovereign status has dominated operations in Kosovo through 2008-09 and marks an evolution that will see the UK's decade-long military contribution in Kosovo draw down to only a handful of posts by September 2009. The UK was a key partner in shepherding the Status Process towards the Declaration of Independence in February 2008 and the enactment of Kosovo's constitution on 15 June 2008. Throughout this period, which saw some local upsurges in violence and brinkmanship, international diplomatic progress was deftly underwritten by NATO's Kosovo Force (KFOR).

2.31 The UK's principal contribution to KFOR throughout the period was a number of headquarters staff, together with an Intelligence, Surveillance and Reconnaissance (ISR) task force. In addition, we provided a 2* officer as the Kosovo Protection Corps Co-ordinator (KPCC), charged with the dignified dissolution of the Kosovo Protection Corps (KPC). This is a critical waypoint in the establishment of a democratically accountable Kosovo Security Force. The Office of the KPCC is due to close in mid-June 2009, at which point the UK's obligations to KPC dissolution will have been fulfilled.

KFOR helping local children in Kosovo



2.32 During much of the period, the UK continued to provide an infantry battalion to the Balkans Operational Reserve Force – a task we shared with Italy and Germany. In response to concerns over inter-ethnic confrontations associated with the 15 June 2008 enactment of the Kosovo constitution, the Second Battalion The Rifles was deployed in May 2008 to maintain a safe and secure environment. Thereafter, a generally calm security situation, coupled with the EU Rule of Law Mission's (EULEX) deployment, enabled us to end our reserve commitment on 31 December 2008.

2.33 Over the year the improving security situation on the ground enabled the UK and NATO partners to consider a reduction in its military presence. NATO's Supreme Allied Commander Europe judged that the utility of the UK's ISR task force had ceased and it was withdrawn on 31 March 2009. Consequently, and following EULEX's declaration of full operational capability on 6 April 2009, the UK's residual military presence in Kosovo will be drawn down from about 170 to about two personnel by 1 September 2009. The UK drawdown has been accompanied by a broader recognition that KFOR reconfiguration is now required, a process that should see a marked reduction in overall KFOR force levels and a significant rationalisation of bases. See paragraph 2.81 onwards for a description of other UK activity in the Balkans.

Crisis Response Operations

2.34 The UK military has played a full part in global crisis response operations, either as part of an international response or on the basis of providing national assistance. In May 2008, the UK sought, via deployment of a Royal Navy vessel, to ensure the effective delivery of humanitarian relief support to those affected by Cyclone Nargis in Burma, which struck the Irrawaddy Delta and Rangoon coastal area. In September 2008, UK military personnel deployed to Georgia as part of an international effort to reduce tensions in the wake of Russia's invasion of South Ossetia. Also in September 2008, a Royal Navy frigate and a Royal Fleet Auxiliary vessel were deployed to provide emergency assistance to restoration of vital services and infrastructure in the Turks and Caicos Islands, in the aftermath of Hurricane Ike.

UN Peacekeeping Operations

2.35 The MOD supported seven United Nations operations in 2008-09 and provided approximately 300 UK military personnel to UN peacekeeping missions in: Cyprus; the Democratic Republic of Congo; Ethiopia and Eritrea; Georgia; Liberia; Sierra Leone; Sudan; and Nepal. This support has included

staff officers, whose specialist skills and experience are highly valued, in appointments to UN Mission headquarters. The 275-strong UN mission in Cyprus remains the UK's largest commitment. (See paragraph 2.88 onwards for a description of other UK activity in support of the UN).

Other Military Tasks

Independent Nuclear Deterrent

2.36 The UK's ballistic missile submarine force has recently passed the significant milestone of 40 years of continuous at-sea deterrence. The submarines of the Resolution and Vanguard Classes have maintained this vital independent capability since HMS Resolution began her 5th deterrent patrol on 30 April 1969. These demanding and enduring operations are conducted in support of NATO and as the ultimate guarantee of our national security.

Independent Nuclear Deterrent



Defence of UK Airspace and Waters

2.37 Defence of UK airspace is achieved by the provision of an air policing capability for the location, assessment and interception of aircraft posing a threat to the UK. The air policing capability is delivered by quick reaction alert aircraft and air surveillance and control facilities. UK quick reaction aircraft were launched on a number of occasions last year.

2.38 The maritime integrity of the UK is maintained through the presence of maritime assets close to the UK and not, unless specifically authorised by the Government, through the use of military force. The police and other maritime authorities have primacy but have limited maritime capacity. We continue to ensure that we maintain the availability of an appropriate and proportionate military response. The complex nature of the maritime domain means that we maintain an understanding of the relationships that exist

between civil agencies and between neighbouring states and develop arrangements for co-operation with these agencies and states.

Security of UK overseas territories

Two Tornado F3s patrolling the skies over the Falkland Islands



2.39 Some 4,500 UK military personnel, Defence civilians and locally employed civilians continued to be stationed or deployed in support of the security and defence of the UK's overseas territories. In Cyprus we maintained important military facilities in the Eastern and Western Sovereign Base Areas. This has provided vital support to operations in Iraq and Afghanistan. Gibraltar also continued to provide a forward mounting base for UK Armed Forces providing security, logistic communications and training facilities in support of operations. The Royal Navy continues to use Diego Garcia. 40 UK Service personnel provide the "civilian administration" of the Territory and limited territorial waters security on behalf of the FCO. The UK Government remains fully committed to the defence of UK Territories in the South Atlantic, including South Georgia and the South Sandwich Islands. UK forces are permanently deployed in the Falklands in a deterrent role.

Piracy

Somalian pirates surrender to HMS Cumberland's Royal Marines boarding team in the Gulf of Aden



2.40 In most parts of the world, incidents of piracy and maritime armed robbery are decreasing; but

2008-09 saw an increase in attacks in the Gulf of Aden, a major shipping route running east and west along the north coast of Somalia in Africa. In 2008-09 there were 60 successful attacks and 111 reported unsuccessful attacks. Among the successful attacks were a number of high value merchant vessels, raising the profile of the piracy problem across the international community.

Figure 2.4 – Gulf of Aden and Horn of Africa



2.41 UK maritime forces have been involved with three coalition counter piracy efforts: NATO deployed a task group between October and December 2008 for World Food Programme protection duties; the EU deployed a naval counter-piracy operation (Operation ATALANTA) from 8 December 2008 with a one-year mandate; and the US-led Combined Maritime Forces established a counter-piracy task force (CTF 151) in January 2009 to complement existing maritime security operations in the region. The MOD is commanding the EU mission from the operation headquarters in Northwood, and providing the Deputy Commander Maritime Forces in Bahrain. The Royal Navy contributed a total of four vessels to these missions over this period. Royal Navy vessels played an active role in deterring and disrupting pirate activity, and came to the aid of merchant shipping under attack. If it was considered that there was sufficient evidence on which to charge suspected pirates they were detained and subsequently transferred to Kenya, in accordance with an arrangement with the Kenyan Government for prosecution.

2.42 The MOD has worked in conjunction with other Whitehall Departments to tackle piracy on many fronts. At the political level, UN Security Council Resolution 1851 established a Contact Group on piracy off the Coast of Somalia. The UK subsequently chaired an international working group, with the support of the International Maritime Organisation, to enhance co-ordination between all naval forces and merchant shipping

in the region, and to take forward capability development with all regional states to tackle the threat locally.

2.43 It has been widely recognised that the international community must continue to tackle the root causes of piracy, instability in Somalia, through the provision of humanitarian, security, and development assistance. The UK has encouraged the European Commission and other partners to increase targeted support for governance and economic development; in particular in coastal areas.

Military Aid To The Civil Authorities

2.44 The Home Secretary is responsible for the safety and security of the UK and its citizens and under the Civil Contingencies Act 2004 lead Government departments are allocated to deal with the most likely high-impact disruptive events. The MOD is not the lead for any civil contingency. We can, however, provide support to the lead organisation, known as military aid to the civil authorities. MOD supported the civil authorities in carrying out their functions on 63 occasions in 2008-09. These ranged from logistics support to police investigations to aerial imagery analysis.

Northern Ireland

2.45 Following the end of Operation BANNER on 31 July 2007, this year saw the completion of the normalisation of command in Northern Ireland. As the Armed Forces Minister announced to the House of Commons, on 31 December 2008 the post of General Officer Commanding (Northern Ireland) was removed, leaving Commander 38 (Irish) Brigade as the most senior officer in Northern Ireland, a command structure in line with the rest of the UK. The tragic attacks of early March 2009 reminded us that, although the security situation in Northern Ireland has greatly improved, there are still those who wish to undermine the peace process, and security remains a concern. While the Police have responsibility for all matters of security in Northern Ireland, we continue to be able to provide assistance in some circumstances such as an explosive ordnance disposal capability. Fewer than 5,000 members of the Armed Forces are stationed in Northern Ireland, on the same basis as the rest of the UK. Currently the majority of these troops are deployed on operations in Afghanistan.

Narcotics

Stopping a suspect vessel during counter drugs operations in the Caribbean



2.46 The Armed Forces continue to support the work of the Serious Organised Crime Agency (SOCA) and other international agencies to combat the trafficking of drugs where capacity allows. Royal Navy vessels in the Atlantic and Caribbean, and RAF Nimrod MR2 and E3D early-warning aircraft in the Caribbean play an important role in joint operations with international partners. From April 2008 to March 2009 the Royal Navy and RAF assisted in the seizure and destruction of about 13 tonnes of cocaine. Not all of this cocaine was destined for the UK, but had it reached our streets, it would be worth about £520M. As part of NATO-led efforts in Afghanistan, UK forces in Helmand have assisted Afghan security forces in disrupting narcotics production and trafficking in the province.

Fisheries Protection

2.47 In 2008-09 the Fishery Protection Squadron, part of the Royal Navy's Portsmouth Flotilla, supported the Marine and Fisheries Agency with the equivalent of 700 days of fishery patrols (796 in 2007-08). Of these, 96% were delivered by the River Class offshore patrol vessels. This year, a total of 1,102 fishing vessels were boarded (1,309 in 2007-08). Of those, eight (23 in 2007-08) were detained at a UK port for further investigation and prosecution. The squadron detected 231 (234 in 2007-08) fishing infringements during the reporting period, demonstrating that the move towards more intelligence-led operations continues to be effective. The last 12 months has also seen further progress in the development of joint operations and other EU member states improving the efficiency and effectiveness of patrol assets.

Search and Rescue

2.48 The MOD search and rescue service exists to assist military aircrew in difficulty, but also provides a significant part of the UK's integrated national search and rescue framework. Helicopter cover for most of the UK, and a large area of the surrounding sea, is provided 24 hours a day by the RAF and the RN from eight helicopter bases. Service at a further four bases is provided by a civilian company under contract to the Maritime Coastguard Agency. The RAF also maintains a Nimrod long-range maritime patrol aircraft on two-hour standby for search and rescue duties at RAF Kinloss in Scotland; four RAF mountain rescue teams in the northern half of the UK, expert in dealing with aircraft crashes in remote areas; and the UK Aeronautical Rescue Co-ordination Centre, also at RAF Kinloss, which co-ordinates the response of all UK search and rescue aircraft and RAF mountain rescue teams and contains the UK Mission Control Centre for the global satellite-based distress beacon detection system. The RAF also provides search and rescue cover from RAF Akrotiri in Cyprus and in the Falkland Islands. In 2008-09 Defence search and rescue services were called out 2,179 times (1,973 in 2007-08) helping 1,763 people.

Sea King conducting a Search & Rescue exercise



Explosive Ordnance Disposal

2.49 The MOD provides 24 hours-a-day Explosive Ordnance Disposal (EOD) support to the Police in the UK under military aid to the civil authorities principles. This includes access to operational scientific expertise to deal with complex devices. Routine co-ordination of EOD tasking is conducted by the Joint Service EOD Operations Centre at Didcot, who allocate the Navy, Army or RAF teams to an incident by matching the requirement to a particular capability. EOD teams are stationed at various locations throughout the UK and responded to over 2,750 callouts during 2008-09.

Clearing minefields



Activity levels

2.50 Across 2008-09 the level of commitment of the Armed Forces to operations and to undertaking military tasks has remained fairly consistent at 28%. This includes those preparing and recovering from operations or military tasks. The proportion of regular forces deployed on operations and undertaking other military tasks is reported regularly as a key performance indicator (See Table 1.1 and Figure 1.1 in the Performance Section) and it has fallen marginally from an annual mean of 19% across 2007-08 to about 17% during 2008-09. This reduction is due to a slight fluctuation in trained Service manpower and further progress in Iraq.

The operations room onboard HMS Albion, as she takes part in the weekly "war" off Plymouth



2.51 During the year the **Royal Navy** made a significant contribution to wider United Kingdom security by supporting operations and commitments in Iraq, the Gulf, the north and south Atlantic and by taking part in NATO maritime deployments. A UK-led coalition naval training team contributed to the defence of Iraqi territorial waters and oil platforms, enabling the new Iraqi Navy to emerge from the broken force inherited from the previous

regime. The UK remains in discussion with the Iraqis on how to meet ongoing requirements for maritime support and training as part of long-term Defence relationships. The Navy also maintained continuous nuclear deterrent patrols, and the standing commitment in Diego Garcia, contributed to the security of territorial waters and economic zones, and provided support to the civil authorities for search and rescue, fishery protection, and counter-drugs activities. In Afghanistan, 3 Commando Brigade undertook challenging and rigorous activities against the Taliban. Unfortunately, the Ice Patrol Ship HMS Endurance's 18-month deployment to the Antarctic, in support of Government security and environmental objectives (starting in November 2007), had to be cut short due to a serviceability fault. Although activity levels for the second part of the year were high, the overall percentage of Naval Service personnel deployed on operations and undertaking other Military Tasks being 23%. This increase arose predominantly from the 3 Commando Brigade's deployment to Afghanistan.

2.52 The **Army** continued to have troops deployed on operations in Iraq, Afghanistan, Bosnia-Herzegovina, Kosovo and Sierra Leone. The United Nations were supported through a variety of global operations, including Cyprus, Democratic Republic of Congo, Georgia, Liberia, Sudan, Nepal and the European Union African Mission in Sudan/Darfur. All standing commitments were met with Land Forces remaining permanently based in Cyprus, the Falkland Islands, Ascension Island, and Gibraltar. In Iraq, British Forces maintained their posture embedded within Iraqi security forces units on tasks in Basra, and in particular provided support to the Iraqi Army's 14th Division. In the Middle East support continued to the NATO-led International Security Assistance Force in support of the government of Afghanistan, as the Government continued to expand and consolidate its authority across the entire country. Overall both Iraq and Afghanistan operations continued at medium-scale through the year. The percentage of Army personnel deployed on operations and undertaking other military tasks dipped from 20% in the last quarter of 2007-08 to 17% in the last quarter of 2008-09. But the overall level of troops committed to operations remained relatively constant with the maximum total number deployed on operations at any one time of around 11,125; this amounts to 11% of the Army's trained manpower.

Search dog Jamie, and his handler, in Helmand Province of Southern Afghanistan



2.53 The **Royal Air Force** continued to be committed overseas mainly in the Gulf region, Afghanistan and the Balkans. The Harrier, Nimrod, Air Transport and Support Helicopter fleets, along with many other enablers, such as the RAF Regiment, remained particularly heavily tasked, operating beyond harmony guidelines in support of operations in Iraq and Afghanistan throughout the year. The RAF also contributed to permanent commitments in Northern Ireland, the Falkland Islands and Cyprus, and a range of other military tasks including the integrity of UK waters and airspace. The percentage of RAF personnel deployed on operations and undertaking other military tasks fell slightly from 14% in the last quarter of 2007-08 to 13% in the last quarter of 2008-09.

Two RAF Typhoons refuel from a VC 10 aircraft while a Tornado waits in the background



Concurrency levels

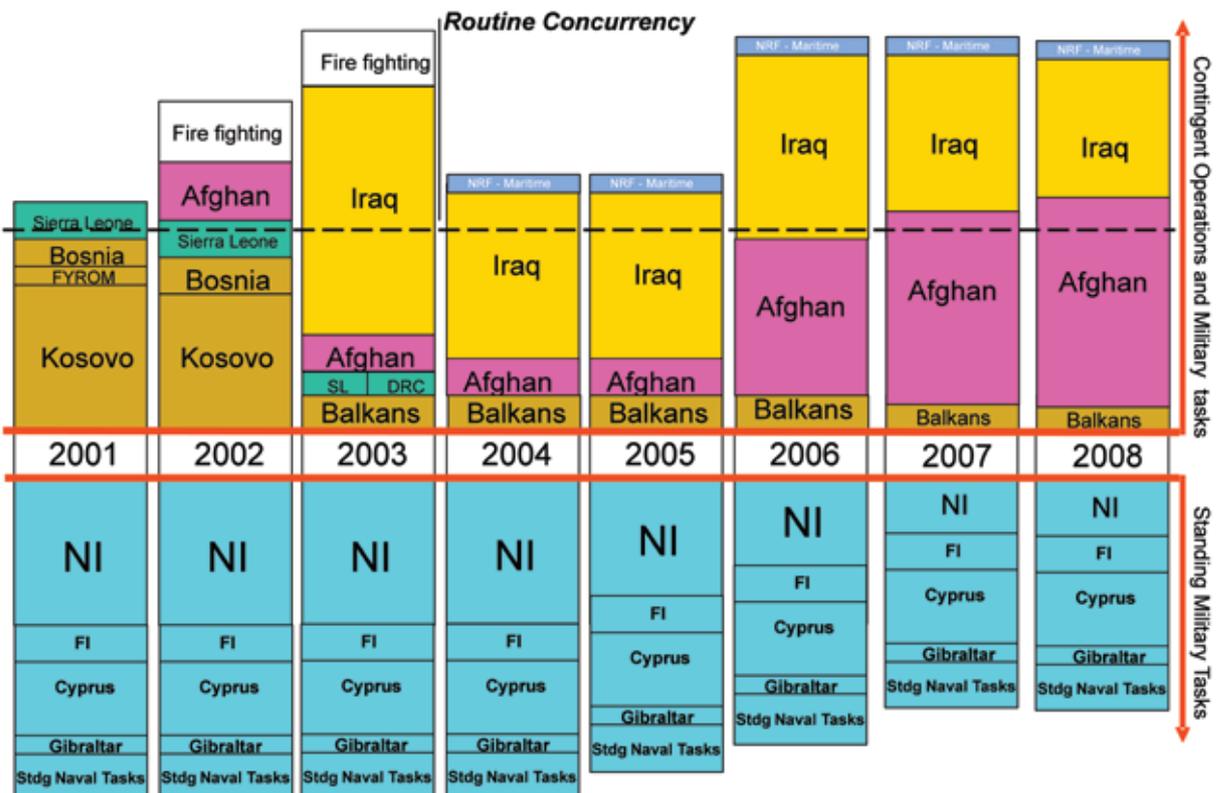
2.54 The level of concurrent operations that Defence is resourced to have the capability to deliver remains unchanged. The baseline is articulated in the December 2003 Defence White Paper “Delivering Security in a Changing World,” which states that the MOD should be able to:

- Mount an enduring medium-scale peace support operation simultaneously with an enduring small-scale peace support operation and a one-off small-scale intervention operation;
- Reconfigure our forces rapidly to carry out the enduring medium-scale peace support operation and a small-scale peace support operation simultaneously with a limited medium-scale intervention operation; and

- Given time to prepare, undertake a demanding one-off large-scale operation while still maintaining a commitment to an undemanding small-scale peace support operation.

2.55 Figure 2.5 below graphically represents the level of concurrent operations sustained by the MOD and the Armed Forces since 2001. The MOD has continued to meet all mandated force generation activity to sustain the capability needed to conduct current and enduring operations and military tasks. However, operating for a sustained period above the overall level of concurrent operations for which Defence is resourced and structured to sustain has reduced the capacity to be ready to react to the full range of contingent operations set out in planning assumptions. Whilst the level of sustained concurrent operations has affected the capability of the Armed Forces to conduct future contingent operations, this will be mitigated as concurrent operational commitments reduce. To that end, the completion of the Intelligence Surveillance and Reconnaissance task force on Operation OCULUS in the Balkans at the end of 2008-09 and the controlled drawdown of the United Kingdom contribution to Multi National Division (South East) in Iraq will reduce pressure to some degree.

Figure 2.5 – Routine Concurrency 2001-2008



Residual capability

2.56 The Joint Rapid Reaction Force (JRRF) is intended to provide a pool of extremely adept, agile and sustainable forces, trained and available on a graduated scale of readiness to deploy in support of the UK's foreign and security policy objectives. It is designed to be able to mount and sustain (for up to six months) a non-enduring "focussed intervention" operation of up to medium-scale (nationally or multi-nationally), so long as operational concurrency remains within the level provided for in the department's planning assumptions. However, the high level of operational commitment throughout 2008-09, with major forces deployed in Iraq and Afghanistan, meant that Defence was unable to generate the full JRRF contingent capability. The ability of Front-Line Commands to support additional short notice contingent tasks was extremely limited, with particular constraints on naval forces, land forces and joint force enablers. The requirement to maintain a credible and capable contingent force is essential, and work is under way to ensure a return to small-scale capability. Critical standby capabilities, including the ability to conduct non-combatant evacuation operations or urgent reinforcement to current operations, were maintained during 2008-09.

2.57 The Joint Force Headquarters (JFHQ) provides the standing command and control capability at the heart of the UK's response to emerging crises. It holds an Operational Liaison and Reconnaissance Team (OLRT) of eight personnel at four hours notice to brief. The remainder of the JFHQ (up to 55 personnel) is held at 24 hours notice to move and would be allocated forces as necessary from the JRRF pool. The JFHQ has maintained a high level of operational activity over the year supporting (both directly and through consultancy) operations in Iraq, Afghanistan, Georgia, Sudan, the Falklands and the Democratic People's Republic of the Congo. OLRTs have deployed on a number of occasions during the year to provide information and advice and to inform the decision-making process.

A soldier trains on a simulator



2.58 JFHQ deployed specialists to a range of countries including Nigeria, Kuwait and Uganda in support of MOD tasking, helped develop existing contingency plans for a number of potential operations, and updated those for several other countries. It interacted with European Union, French and USA counterpart headquarters staffs and reinforced British Forces South Atlantic Islands for its exercise. On the basis of augmenting its core staff, the JFHQ conducted Exercise JOINT VENTURE (24 November to 5 December), to practise the operational level of command including with other Government departments in a challenging national complex environment, and various small-scale national and multinational force projection planning exercises. JFHQ continued to draw on wider expertise from other organisations, including the FCO, the DFID, civilian police, International Committee of the Red Cross, single-Service staffs, cultural advisors and the Stabilisation Unit.

Section B

Readiness

Funded Readiness

2.59 The MOD has a graduated readiness system in place to ensure that the right force elements (such as a ship, an Army brigade or an aircraft) are ready to deploy to conduct the range of missions that may be required by the Government. Through regular Planning Rounds our Head Office sets requirements for the three Services in terms of the force elements needed, the readiness at which they need to be held, and allocates the resources to achieve this. Underpinning this mechanism are specific parameters for manning levels, equipment, logistic support, and collective training (the training that units do together to ensure they can fight effectively as part of a larger force). Measuring and aggregating readiness is complex, not least because it is based on a judgement of what is required to enable the Armed Forces to respond to a wide range of potential challenges.

A Bronco Armoured Personnel Carrier which will arrive in the UK in 2009 and become Warthog, replacing the Viking in Afghanistan



2.60 The Armed Forces' readiness targets are measured against the ability to prepare, deploy, fight and recover against the full range of potential operations and the concurrency levels (best thought of as preparing for 'a' war). In recent years, however, the Armed Forces have focused on preparing for and sustaining operations in Iraq and Afghanistan (preparing for 'the' war). In so doing, they have provided substantial forces at immediate readiness for those operations, deployed them to and sustained them in theatre, and recovered them to their home bases at the end of their tours. The net additional costs incurred in this are met from the central Government reserve and amounted to £4.2Bn in 2008-09. They have also continued to generate and sustain high quality, properly trained force elements for other standing military tasks such as maintenance of the nuclear deterrent and the provision of garrisons in Permanent Joint Operating Bases worldwide.

2.61 Wherever possible in 2008-09 we have focused resources on those capabilities and force elements most heavily drawn on for Iraq and Afghanistan. A consequence of this decision has been to depress the readiness of the Armed Forces to undertake contingent operations and this has shown up in reporting against Departmental Strategic Objective 2. This is a conscious and measured risk, supported by analysis of the possible consequences and an awareness of the time and resources necessary to restore capability. The drawdown in Iraq from medium scale operations to an enduring small scale operation should, in time, improve readiness. Further work to recuperate the ability of the Armed Forces is under way.

2.62 The Naval Service was particularly heavily committed throughout 2008-09. All directed military tasks were completed including a substantial deployment of Royal Marines and Royal Naval personnel to Afghanistan. 3 Commando Brigade Royal Marines provided the command Task Force Helmand and overall the Naval Service provided 29% of UK personnel committed to operations in Afghanistan. Royal Naval assets were deployed to the Horn of Africa to counter the growing threat of piracy and also provided the command element of the European Union counter piracy initiative. The Naval Service provided the last personnel of the UK 2* command element in Iraq, as well as training teams in support of the Iraqi navy. While commitment to operations was the main effort during the period, the Royal Navy continued to provide considerable resources to meet its standing military tasks in support of broader Defence aims, the principle focus being provision of the nuclear deterrent.

An Apache helicopter landing on HMS Ocean during trials



2.63 The Army again continued to be committed in excess of planning assumptions throughout 2008-09. The focus for operations and support has been on Afghanistan, as a medium-scale plus operation and on Iraq at medium-scale. As the operational requirements in Iraq have reduced we have been

able to move to a more sustainable basis by ensuring that the majority of personnel have at least a 24-month tour interval. Unfortunately, this will not be possible, as yet, for some specialist personnel. Future operational demand is, however, likely to move closer to Defence Planning Assumptions. As a result of high operational demand, the specialist brigades and most contingency forces, including 16 Air Assault Brigade and 3 Commando Brigade (Royal Marines), have been rostered for operations in Afghanistan. Towards the end of 2008-09, the Army successfully rostered the Spearhead Land Element and the small-scale Contingency Battle Group (SSCBG). The tasks that the SSCBG could conduct were constrained by equipment availability. All contingency forces continued to share many enablers.

2.64 The RAF continued to meet its standing military tasks and contingent overseas commitments successfully during 2008-09, contributing forces to UK-based operations and to theatres around the world including the Gulf, the south Atlantic and Afghanistan. However, the enduring high operational tempo has led to the majority of force elements reporting weaknesses in their ability to meet planned readiness targets, due in the main due to a combination of the pressures on personnel and equipment, in direct support of current operations and reduced training opportunities. In addition, aircraft availability pressures, arising from planned modification and maintenance programmes and returning to manning imbalance have further reduced the RAF's ability to meet readiness targets.

2.65 We continue to evolve how we manage readiness. The last Annual Report recorded that we were reviewing the readiness reporting system, in particular to reflect better the implications of the operational challenges the Armed Forces currently face. The Armed Forces continue to provide the required level of force elements to meet the challenges of current operations and they continue to succeed in generating, deploying, sustaining and recovering those force elements as required. In doing so Defence is still operating above the maximum concurrency level envisaged in the Defence Planning Assumptions, and as such the

measurement of force generating to maximum concurrency is in abeyance.

Collective Training

2.66 Collective training provides the solid foundation for our forces' preparation for operational deployment. The continuing high tempo of enduring operations in Afghanistan and Iraq have necessitated further measures to ensure that an efficient, prioritised training programme can be resourced properly. But this has not wholly been at the expense of maintaining a high-readiness contingent capability and the Department has continued to train and exercise closely with other Government departments, both at home and overseas.

TA soldier on military exercise



2.67 Operational commitments necessitated a wholesale review of Defence training activity and for Front-Line Commands to rationalise exercise programmes. In 2008-09 the total number of Defence exercises reduced by 25% from the previous year, with 14.7% of exercises cancelled (see Table 2.1). The overall percentage increase in cancelled exercises from the previous reporting period (4.2%) is mainly attributable to a rationalised exercise programme, which aimed to maximise collective training opportunities across Defence.

2.68 Multilateral and bilateral training events have continued to be supported in accordance with the Department's international security co-operation priorities. Alliance exercises, including coalition, NATO and EU were strongly supported during the period of this report.

Table 2.1 – The number of exercises scheduled and the proportion cancelled since 2004-05

Year	Scheduled Training Events	Cancelled Events	Percentage	Conducted
2008-09	542	80	14.7%	462
2007-08	722	76	10.5%	646
2006-07	680	64	9.4%	616
2005-06	533	58	10.8%	475
2004-05	379	79	20.8%	300

Section C

Policy

NATO, European Defence and The United Nations

MOD Contribution to Public Service Agreement 30

2.69 The Foreign and Commonwealth Office leads the work on Public Service Agreement 30, with MOD and the Department for International Development contributing. MOD is committed to:

- Support work to deliver a downward trend in the number of conflicts globally, and especially in Sub-Saharan Africa, Europe, Central and South Asia, and the Middle East and North Africa;
- Support a comprehensive approach to reduce the impact of conflict in Afghanistan, Iraq, the Balkans, the Middle East, Sierra Leone, Democratic Republic of Congo and the Great Lakes region, Horn of Africa, Nigeria and Sudan, through the Armed Forces' contribution towards providing security;
- Contribute directly to UN-mandated missions and peace support operations by providing UK troops and assets, subject to other commitments, and working to increase the number and quality of peacekeepers available internationally;
- Continue to push for the North Atlantic Treaty Organisation (NATO) to increase its capability to deploy quickly and mount complex humanitarian assistance, stabilisation, peacekeeping and peace enforcement operations;
- Push for the European Union (EU) to deploy European Security and Defence Policy (ESDP) missions where the EU can make maximum impact, and support the development and use of the EU battle groups to deploy rapidly and stabilise conflicts where it is appropriate for them to do so;
- Help improve the African Union's (AU) capacity to conduct peacekeeping, working within the framework of the Africa Standby Force;
- Work to ensure that UK military and civilian capacity applied together in conflict interventions are increasingly complementary and well matched;
- Continue to work to counter threats to international peace and regional stability from

proliferation of conventional arms and especially weapons and technologies of mass destruction and their means of delivery, and maintain a credible and effective UK and NATO nuclear deterrence policy.

Conflict Prevention Pool (Sub-Saharan Africa)

2.70 We continued to work closely with DFID and FCO on conflict prevention and capacity building in Africa through the Conflict Prevention Pool (Sub-Saharan Africa), investing just under £32M of Africa Pool funding in this work over 2008-09. MOD helped develop peace support operations capacity at sub-regional and national level by providing training to the Armed Forces of some 18 African countries to improve their ability to take part in peacekeeping missions and contribute units to the future African standby force. In particular, Eastern Africa Standby Brigade progress can be measured by a successful Command Post Exercise in 2008 and the preparations for a Field Training Exercise in 2009.

Ghanaian Navy delegates during a training exercise onboard HMS Endurance



Conflict Prevention Pool

2.71 The Conflict Prevention Pool (CPP) was formed at the beginning of 2008-09 through the merger of the Africa and Global Conflict Prevention Pools to create a single fund focused on long-term conflict prevention activity. Throughout 2008-09, MOD continued to work closely with DFID and the FCO on conflict prevention and capacity building in the CPP regions of Sub-Saharan Africa, Americas, Balkans, Middle East and North Africa, Russia and Caucasus, and South Asia, investing over £94M in the course of the year across the three departments. A further £18M was spent through the international capacity building and security sector and small arms control thematic programmes. Through these programmes MOD helped to develop the Armed Forces of partner nations by providing defence education and training to some 65 countries. We also continued to contribute to capacity-building

for peace support operations, especially through 'train the trainer' schemes to help other countries become self-sufficient, capable of providing for their own security in an accountable and democratic framework, and contribute personnel to peace support operations.

2.72 As part of this work, the CPP funds the peacekeeping English Project, delivered by the British Council, which runs English language training programmes in a number of countries. We continued to play a leading role across Whitehall and internationally on Security Sector Reform (SSR) through our investment in the tri-departmental Security Sector Development Advisory Team (SSDAT). SSDAT consists of up to 13 personnel drawn mainly from MOD, FCO and DFID to reflect the UK's commitment to taking a comprehensive, whole-of-Government approach to SSR. In response to requests for assistance, the team provided SSR advisory support to some 16 countries around the world, ranging from Nepal (support to the development of community policing and in strengthening civilian capacity in the MOD) to Bolivia, where a broad approach to SSR supported developments in defence management and police modernisation.

Engineers building shelters whilst a group of villagers look on



Stabilisation Aid Fund

2.73 The Stabilisation Aid Fund (SAF) was established in April 2008 to fund stabilisation activity in conflict zones, and work in Afghanistan and Iraq is now provided for through this. This redefinition of responsibilities has enabled the CPP to focus on a small number of longer-term programmes where the UK can have most impact. The Government continued work to improve the international community's capability to: manage and confine conflicts when they break out (in particular through the United Nations); develop international humanitarian norms and obligations so as to minimise the impact of such conflicts on the innocent; and help with reconstruction and recovery

once conflicts are over. In 2008-09, MOD (again working closely with FCO and DFID) invested £71M towards stabilisation activity, focusing on Iraq and Afghanistan.

African Union

2.74 Support to the African Union (AU) has been effective but is hampered by its limited capacity to evolve and exploit the resources provided for its Peace and Security Operations Directorate (PSOD) at the same time that it is running operations in Sudan and Somalia. The planning for Exercise AMANI AFRICA, a peacekeeping exercise planned to take place in 2010 with the African Standby Force, is progressing and should provide a good vehicle for enhancing and testing the PSOD. The key to developing indigenous capability for peacekeeping is through supporting the regional training institutions that train the African standby forces staffs. Reductions in CPP funding will make these establishments increasingly difficult to support.

Democratic Republic of Congo and Great Lakes

2.75 An improved bilateral relationship between Democratic Republic of Congo (DRC) and Rwanda has met some of the rebel aspirations in the Kivus. Other rebel groups remain outside the peace process and the economic situation is very fragile. The UK continues to support international mediators and fills key posts in the UN mission in DRC (known as MONUC). Good progress has been made in northern Uganda following completion of the Juba process. The Lords Resistance Army continues to be kept out, although to the detriment of north east DRC, despite a campaign against it. The UK continues to contribute to the stabilisation of northern Uganda. Progress has been steady in Burundi, where talks have continued between the Government and the final rebel group.

Horn of Africa

2.76 UK support has helped the Djibouti peace process to create a new coalition transitional Government. This has resulted in the withdrawal of Ethiopian troops. Fighting has reduced in Mogadishu, and the support of the international community has been gained. But violence has continued elsewhere, and extremist Islamic groups have gained control of large parts of the South. There has been a serious growth in piracy from Puntland, Somalia this year, which is unchecked because of weak governance and instability. This led to the deployment of three counter-piracy operations, including an EU naval operation led by

the UK, but the long-term solution will depend on improved stability and the Somalis themselves. No progress has been made in resolving the Ethiopian-Eritrean border dispute and it remains a potential source of conflict. Ethiopia continues to develop its peacekeeping capacity, including the provision of forces in the African Union/United Nations Mission in Darfur (UNAMID). The UK is supporting this progress mainly through an English language training project.

Nigeria

2.77 The risk of outbreaks of violence continues with inter-ethnic conflict in the north and mounting piracy and criminality in the Niger Delta. CPP funding for work with inter-faith groups in the north is helping to address religious tensions. In the Niger Delta the UK has established a Joint Maritime Security Training Centre to improve Nigerian in-shore operational capability. Other CPP funds have supported programmes developing local community advocacy and democratic accountability, although the crisis continues to deepen.

Sierra Leone

2.78 There continues to be progress in enhancing the security sector, but it is fragile. Key to this progress is continued support to the Office of National Security, which champions civil oversight and democratic control. Sierra Leone aims to deploy a reconnaissance company to the UNAMID in 2009. CPP reductions will result in a quicker drawdown of the UK-led international military advisory training team than originally planned. There are signs that the population is growing increasingly frustrated with the lack of political and economic progress. UK studies have highlighted the risk of instability, especially in the run-up to the presidential elections in 2012. Sierra Leone's stability is also inextricably linked to regional (Mano River Union) developments, none of which currently suggests a promising future, with coups and political infighting in Guinea and Guinea Bissau and a fragile reform and development process in Liberia.

Sudan

2.79 Relations between north and south Sudan have come under pressure as their more complex disputes remain unresolved. Co-operation between the different Armed Forces over the borders and the Joint Integrated Units provides a mixed picture, with tensions breaking out into localised and short-lived fighting. The UK has played a leading role in trying to address these issues, particularly through the provision of the Chair of the Assessment

and Evaluation Commission, which monitors implementation of the Comprehensive Peace Agreement, and support for the development of the Joint Integrated Units. The Darfur peace process has not moved forward. Rebels remain in fragmented groups and the Government continues to try to 'win' through force of arms. UNAMID is still incomplete and ineffective. The International Criminal Court's decision to prosecute President Bashir and the latter's expulsion of NGOs in retaliation reduce the likelihood of immediate progress. In the East, progress on disarmament, demobilisation and reintegration has been good. Two thousand ex-combatants have been disarmed and demobilised – emphasis is now being placed on reintegration.

Middle East Peace Process

2.80 By 2011 the UK seeks an outcome involving a return to a peace process with significant progress towards a negotiated settlement, establishment of viable Palestinian institutions, and an improved quality of life for the Palestinian people. Challenges on the ground persisted throughout the year, but latterly the Israeli response to regular rocket attacks from Gaza has made progress much more difficult to achieve. The UK has tried to maintain an impartial and balanced policy throughout, recently offering assistance to Israel on countering smuggling while lobbying for improved access into Gaza to enable humanitarian and reconstruction efforts, and continuing its work with the Palestinian Authority (PA). Influencing the policies of the new Israeli Government and the PA will be critical to further progress at the political level. The UK funds several projects to this end, aiming to: increase co-operation between parties to conflict; improve the economic and humanitarian situation; reduce the causes of tension and obstacles for peace; and develop a better security environment. Developing the security sector will be critical to the viability of any future Palestinian state, and the commitment to provide technical assistance to the US Security Co-ordinator through the MOD-led British Support Team remains. Maintenance of public order in the west bank by the PA during Israeli operations in Gaza indicates the progress made in this area. Other programmes include providing legal assistance to ensure transparency of military policies affecting human rights, facilitating business co-operation in the information and communications technologies sector, and addressing planning issues to reduce the demolition of Palestinian properties in the occupied territories.

The Balkans

2.81 The western Balkan countries remain at peace, although inter-ethnic tensions and separatist agendas persist. UK Government programmes and activities have focused on Government capacity and accountability, on security and justice sector reform, on refugee and internally-displaced person returns, and on assisting minority communities and inclusive economic growth.

2.82 While the security situation in Bosnia and Herzegovina has remained calm, the general reform agenda has stagnated. Key conditions for a decision to close the Office of the High Representative were not met, and inter-ethnic relations have deteriorated further.

2.83 The UK continues to provide a small number of staff officers to the EUFOR peacekeeping mission (see below). We also provide staff and funds to the Sarajevo-based multinational Peace Support Operations Training Centre, a UK initiative established in 2005. More than 200 officers from the Armed Forces of Bosnia and Herzegovina have so far passed the Centre's junior staff course in peace support operations, and as many as 90% of officers from Bosnia and Herzegovina deployed on international peacekeeping missions have graduated from the Centre. Bosnia and Herzegovina achieved 'Individual Partnership Action Plan' status, thereby consolidating preparations for NATO membership at some point in the future.

2.84 From mid-2007 to mid-2008, NATO-Serbia relations experienced a low level of activities, largely owing to a succession of electoral campaigns in Serbia and anti-western sentiments prompted by the issue of Kosovo's future status. The arrival of a new Government in Belgrade has heralded a phase of more active engagement.

2.85 Serbia's improved co-operation with the International Criminal Tribunal for the Former Yugoslavia, which is a condition for continuing Serbia's EU membership aspirations, led to an initialling of a Stabilisation and Association Agreement between EU and Serbia. In October 2008, Serbia signed a security agreement with NATO that will enable the exchange of classified material and allow Serbia to maximise the benefits of Partnership for Peace.

2.86 The major milestones in Kosovo's independence passed without major incident, and the security situation in Kosovo is stable, if fragile. (See paragraph 2.30 onwards for a more detailed description of UK activity in respect of Kosovo).

2.87 Despite having performed well in preparing for NATO membership, Macedonia did not receive

an invitation to join the Alliance at the Bucharest Summit in April 2008. Talks are continuing under UN auspices to find a solution to the issue of the name for Macedonia.

The United Nations

2.88 Providing the necessary troops and military capabilities for a growing number of complex UN-mandated peace support operations remains a key challenge for the UN. The UK is already strongly committed to providing direct support to such operations – notably in Afghanistan and Cyprus, but we have also provided a number of high quality staff officers to key posts in UN missions and are working to bolster the availability and effectiveness of troops, equipment, key logistics and other enabling capabilities from other sources. The Conflict Prevention Pool's international capacity-building strategy has been used to support projects that improve the quantity and effectiveness of peacekeepers and has, for example, been used to provide military instructors for courses and tailored English language courses for peacekeepers. It has also provided direct financial support for improvements in the Department for Peacekeeping Operations.

Service personnel returning from deployment with the United Nations



2.89 The UK has been successful in supporting initiatives to strengthen the Office of Military Affairs in the UN. Better co-operation between the UN and regional organisations, such as NATO, the EU and the African Union, is vital to ensuring more effective international operations. The UK has continued to promote closer working as part of a more comprehensive approach to operations. There is already a good working relationship with the EU. The signing of the UN-NATO Co-operation Agreement will continue to help build closer working relationships between the two organisations. It is important that the UN and NATO continue to build such links, particularly in Afghanistan, where NATO provides the security framework for the UN and the other

key actors working to deliver governance and reconstruction. MOD continues to work alongside the FCO to explore strategic improvements to UN Peacekeeping, both in the Security Council, in the UN Headquarters and in the missions themselves.

NATO

Operations

2.90 The UK made a significant contribution to NATO-led operations and missions in the course of 2008-09. In Afghanistan, the UK contributed forces to Regional Command (South) and provided a provincial reconstruction team in Lashkar Gah, Helmand. Forces were contributed to KFOR, NATO's peacekeeping mission in Kosovo, including the deployment of the high-readiness battalion of the Operational Reserve Force. We also contributed to Operation ACTIVE ENDEAVOUR, the NATO-led maritime counter-terrorism operation in the Mediterranean.

Aircrew about to be winched onto the deck of a Danish Minesweeping Ship during a NATO exercise



2.91 The UK continues to support the NATO Response Force (NRF), making regular force contributions, including the Air Component Command HQ from July–December 2008 and a Maritime Component Command Flagship from January–June 2009. Behind the scenes, the UK has been working with NATO on ideas to make force generation for the NRF more sustainable for the full range of its potential missions, from collective defence to crisis management.

Transformation

2.92 Over the year, the UK has taken on a leading role in NATO's ongoing transformation. On 18-19 September 2008, the UK hosted an informal meeting of NATO Defence ministers to give further impetus

to making NATO more efficient and effective and better able to respond to the security challenges the Alliance faces. At the Defence ministers meeting in Budapest in October 2008, Allies agreed to raise the target for the level of deployability of their land forces from 40% to 50%. In Krakow in February 2009, Defence ministers noted the progress being made on improving NATO's planning processes and agreed reforms to command structures to enable better support to deployed operations. Ministers also endorsed the Secretary-General's ongoing work to improve the way NATO's headquarters in Brussels does business and prioritises resources. Early in April 2009, the Prime Minister, Foreign and Defence Secretaries attended a Summit meeting of NATO Heads of State and Government in Strasbourg and Kehl, marking the 60th anniversary of the Alliance.

European Security and Defence Policy

2.93 The UK has continued to take a leading role in developing European Security and Defence Policy (ESDP) and ensuring that it remains in line with our objectives of a more capable, coherent and active policy that remains supportive and complementary to NATO.

Operations

2.94 On 8 December 2008 EU ministers launched the first ESDP maritime operation, ATALANTA, to escort World Food Programme ships and counter piracy off the coast of Somalia. During the reporting period the UK has played a leading role in this operation, providing the Operation Commander, the multinational Operation Headquarters at Northwood, as well as HMS Northumberland for the first period of the operation. As at 3 March 2009 Operation ATALANTA had successfully escorted 13 World Food Programme shipments into Somalia, representing 12,600 metric tonnes of food. It has also provided reassurance to the commercial sector by establishing the Maritime Security Centre (Horn of Africa), which has over 4,000 subscribers so far, and prominent support from industry. Operation ATALANTA has a one-year mandate, and a mid-operation review will be completed in July 2009.

2.95 We continued to support the important work of Operation ALTHEA in Bosnia and Herzegovina in making progress towards implementing the remaining military tasks under the Dayton Peace Agreement, contributing some ten staff officers in headquarters posts.

UK personnel training Ghanain personnel prior to their deployment to Darfur



2.96 The MOD also supported the year-long EU-led military operation deployed in Chad and the Central African Republic with four staff officers in headquarters posts. An operation contributing to the security of this area of Africa, supporting international efforts to protect civilians hit by the Darfur regional crisis and implementing protection measures for humanitarian organisations. The UN took over from the EU mission in mid-March 2009.

2.97 The UK provided one of the two EU Battlegroups on standby for the EU Battlegroup roster between July and December 2008, although the Battlegroup was not called on to deploy. Final training on Salisbury Plain for the UK's EU Battlegroup in June 2008 was attended by military officers from a number of other EU member states and parliamentarians from the House of Lords EU scrutiny committee.

Enhanced European Capabilities

2.98 During the French Presidency of the EU (July-December 2008) the UK and France jointly promoted two important capability initiatives:

- The helicopter initiative is addressing the capability gap of support helicopters, a key enabler in expeditionary operations, especially in austere environments where infrastructure is poor and the risk of asymmetric threats high. A number of nations have followed the UK/French lead and contributed to the fund, which is available to support nations' deployment to UN, NATO or EU operations. This fund now totals more than €26m. So far, €10M has been allocated to projects to support the deployment of HIP helicopters from the Czech Republic, in late 2009, and Hungary, in 2010, to Afghanistan. Indications are that the work carried out under the initiative could eventually yield an additional 13 Russian-

built Mi-type helicopters within the next couple of years.

- The European Carrier Group interoperability initiative will enhance the ability of European navies to deploy multinational carrier groups with their associated air, escort and support elements, for national, NATO or EU-led missions. A Declaration of Intent for this initiative was signed at the General Affairs and External Relations Council in November 2008.

2.99 As part of our campaign to introduce a more comprehensive approach in the EU and NATO, the UK, France and Germany also worked closely during 2008 to secure agreement to integrated civilian and military planning arrangements at the strategic level in Brussels for EU-led crisis management operations. Arrangements for transition to the new arrangements are under discussion.

Conventional Arms Control

2.100 2008-09 was dominated by the impact of Russia's unilateral suspension of the Treaty on Conventional Forces in Europe (CFE) in December 2007. Since then the UK and NATO allies have worked to resolve Russia's concerns and encourage it back to full participation. To strengthen European security, the Government's objective has been the early entry into force of the Adapted CFE Treaty, which will modernise the Treaty regime. The UK continues to work in close partnership with NATO Allies to set the conditions that will allow the Adapted CFE Treaty to enter into force. During the year, the UK hosted ten inbound verification missions from other states and led or participated in 30 outbound verification missions. The Vienna Document 1999, the Open Skies Treaty, and CFE (outside the Russian Federation) have continued to contribute to stability across Europe. Activity levels for CFE missions were reduced as a result of the Russian suspension.

Disarmament

2.101 2008 saw the opening for signature of a significant new disarmament agreement, the Convention on Cluster Munitions. We actively supported the FCO throughout the negotiations, but it was the Prime Minister's announcement that the UK would support a prohibition on cluster munitions that unlocked the final negotiations at the Dublin diplomatic conference in May 2008. The UK's leading role enabled it to influence the outcome to prohibit those cluster munitions that caused unacceptable harm to civilians. MOD withdrew its cluster munitions from service immediately.

Arms Trade Treaty

2.102 MOD has supported UK efforts to develop an international arms trade treaty. The UK's objective remains to secure an agreement that will be legally binding between states, which will apply the same high standard criteria in assessing whether or not to export conventional arms. This will help regulate the international arms market to prevent weapons reaching the hands of terrorists, insurgents and human rights abusers, who seek to destabilise countries or regions and undermine sustainable development.

Small arms being collected for destruction



Small Arms and Light Weapons

2.103 Work has continued under the CPP to address all aspects of small arms and light weapons proliferation and reduce armed violence. MOD led on programmes to collect and destroy weapons that are a legacy of conflict in Guinea Bissau, the Republic of Congo, Burundi, and Rwanda, and worked to improve the security of armouries run by the Burundian police.

Space Security

2.104 In addition to their wide and growing commercial uses, satellites provide important support to our Armed Forces, giving them significant tactical advantage on the battlefield. As both the number of satellites and the amount of debris in orbit increases, so does the likelihood of a collision that would damage a satellite used by the Armed Forces. To help mitigate this risk we have supported the FCO in negotiating a 'Code of Conduct on Outer Space Activities' with EU partners. The code outlines a series of voluntary measures relating to international notification of space activities and to avoid creating space debris. An initial draft was published for international consideration in December 2008. We continue to work with those nations that have a significant presence in space to further develop the draft and

ensure that, when published, it has the widest support possible.

Proliferation Security Initiative

2.105 This year was the fifth anniversary of the Proliferation Security Initiative (PSI). The anniversary provided an opportunity to take stock and consider future challenges, leading to new ideas about how to structure the initiative during 2009. MOD contributed an evaluator to New Zealand's Exercise MARU, a major international exercise combining both live and table-top exercises by officials and military personnel from PSI countries. A large number of observers from the Asia-Pacific region made the exercise a successful outreach event, as well as a test of the ability of New Zealand and other PSI countries to deal with shipments concealing material related to weapons of mass destruction.

Countering the Threat from WMD

2.106 Concerns about proliferation of weapons and materials of mass destruction, and the possibility of terrorists acquiring chemical, biological, radiological or nuclear material or know-how, remains undiminished. The Government is committed to reducing the risk of state or non-state actors acquiring and using such weapons against the UK, and, hence, to providing security for the nation and its citizens. MOD provides expertise to support international export control regimes, and to develop policies to strengthen international non-proliferation treaties. In addition, we work closely with FCO, the Department for Energy and Climate Change, and international partners to deliver the non-proliferation objectives of the UK Global Threat Reduction Programme and the G8 Global Partnership.

Nuclear Arms Control

2.107 Working with other Government departments and international partners to prevent the proliferation of nuclear weapons has remained a key UK objective. On 17 March 2009, the Prime Minister publicly restated the UK's commitment to the Nuclear Non-Proliferation Treaty (NPT), in which multilateral disarmament and the safe expansion of civil nuclear power were inseparably linked to the non-proliferation of nuclear weapons. He emphasised the importance of a successful outcome from the 2010 NPT Review Conference. MOD is, therefore, fully engaged with other nations both bilaterally and in relevant multilateral fora. Later this year, the UK will host a conference of the five recognised nuclear weapon states and launch a 'Road Map to 2010'.

2.108 The biggest nuclear proliferation concern in 2008-09 remained Iran, and the UK was closely involved in multilateral discussions. The Democratic People's Republic of Korea (DPRK) was also a continuing concern. The UK believes that the 'Six Party Talks' are the appropriate vehicle for eventual denuclearisation of the Korean Peninsula. The UK continues to urge both Iran and DPRK to engage with the international community and return to a position of full compliance with their obligations under the NPT.

2.109 The UK has also continued to call on those states that have yet to sign and ratify the Comprehensive Test Ban Treaty to do so, especially those states for which ratification is required for the treaty to enter into force. The Government's priority at the Conference on Disarmament in Geneva remains the opening of negotiations without preconditions on a Fissile Material Cut-Off Treaty.

2.110 As part of the Government's wider nuclear strategy, and to help drive the multilateral disarmament agenda forward, we have continued to work with several Norwegian defence laboratories and the non-Governmental organisation VERTIC to address the challenges associated with independently verifying nuclear disarmament without proliferating the knowledge that would be required to build a nuclear weapon. To this end, the UK successfully held its first joint exercise in Oslo from 8 – 12 December 2008, in which the Norwegian hosts played the role of a nuclear weapon state being inspected. UK officials from the Atomic Weapons Establishment and several Government departments played the role of international non-nuclear weapon state inspectors. The UK will report the results of this and future exercises to the conferences of the NPT.

Chemical and Biological Arms Control

2.111 The MOD and its agency, Dstl, continued to provide technical expertise in support of UK efforts to strengthen the Chemical Weapons Convention and the Biological and Toxin Weapons Convention. MOD has also continued to deliver chemical and biological non-proliferation projects under the UK Global Threat Reduction Programme, which delivers the UK's commitment to the G8 Global Partnership against the spread of weapons and materials of mass destruction. A key priority since the launch of the Global Partnership has been to help Russia eliminate its 40,000 tonne stockpile of chemical warfare agent. As a state party to the Chemical Weapons Convention, Russia is required to destroy its stockpile by 29 April 2012. In its efforts to meet its commitments, Russia had sought international

assistance to build the large and complex facilities necessary to destroy its chemical weapons. The UK, along with the US, Canada and other donors, has provided assistance with the construction of the chemical weapon destruction facility at Shchuch'ye in the Russian Federation and its essential supporting industrial infrastructure.

2.112 MOD has managed a seven-year programme of procurement and construction projects costing some £85M. The UK has provided £23M, the balance being provided by Canada and other international donors. Most of the projects have been completed. The MOD's leading role has contributed substantially to the successful start of operations at the facility in March 2009, when the first nerve agent-filled munitions began to be destroyed.

Chemical weapons destruction facility at Schuch'ye, Russian Federation



Export Controls

2.113 The MOD continued to provide support to the UK's contribution to multilateral export control regimes and arrangements. These international fora seek to strengthen export controls relating to conventional weapons, associated dual use equipment and technology, and equipment and technology that could contribute to a nuclear, biological or chemical weapons programme. MOD contributed from both technical and policy perspectives, with the key purpose of ensuring that force protection and defence industry issues were taken into consideration.

2.114 The MOD also participated in a Department for Business, Enterprise and Regulatory Reform (BERR) review of the Export Control Act. During 2008, MOD provided input into the development of new extra-territorial controls – relating to activities of UK persons anywhere in the world involved in the trading of small arms, cluster munitions and man-portable air defence systems. This revision came into force in October 2008.

2.115 Throughout 2008-09, MOD continued to advise BERR on the potential effect of proposed exports on the defence and security of the UK and our allies, and to assess the risk of diversion of the goods concerned to an undesirable end-use in respect of export licence applications. Details of licensing decisions and performance achieved in processing export licence applications are published in the Annual Report on United Kingdom Strategic Export Controls.

Countering Terrorism – MOD Contribution to Public Service Agreement 26

2.116 The publication on 24 March 2009 of the Government’s updated counter-terrorism strategy, CONTEST, has highlighted the contribution that Defence makes to this key area of Government policy. CONTEST forms part of the Government’s overall National Security Strategy, published in March 2008, and since then we have worked with a wide range of Government agencies to strengthen our national security structures. Our contribution covers not only military operations overseas but also support to the civil departments in the UK in dealing with natural disasters or terrorist incidents.

A (Bomb Disposal) Squadron, deploying a Mk8b Wheelbarrow to examine a suspect vehicle during a training exercise



2.117 Adam Ingram, a former Defence Minister, submitted a confidential report to the Prime Minister in July 2008 in which he examined in detail the Defence contribution to counter-terrorism. His report, which has been examined by the House of Commons Defence Committee, endorsed the direction in which the Government is moving the security agenda, and made a number of recommendations for building on previous successes to refine MOD’s support to counter-terrorism. These recommendations have been, or are

being, implemented. He emphasised that security threats and hazards are intertwined, with no simple distinctions between defence and wider security, and domestic and overseas considerations.

2.118 CONTEST has four main pillars:

- *Pursue*: to stop terrorist attacks;
- *Prevent*: to stop people becoming terrorists or supporting violent extremism;
- *Protect*: to strengthen our protection against terrorist attack; and
- *Prepare*: where an attack cannot be stopped, to mitigate its impact.

2.119 Although the details of security operations must necessarily remain confidential, the MOD is active in all four pillars, including:

- Supporting *Pursue* through operations overseas in Iraq and Afghanistan to combat insurgencies and detain terrorists, and collect intelligence;
- Supporting both *Pursue* and *Prevent* through a wide programme of military capacity-building in a range of countries that are important in the struggle against violent extremism;
- Contributing to *Prevent* through our peace support and conflict prevention activities worldwide;
- Helping to *Protect* parts of the UK’s critical infrastructure, in close co-operation with the civilian emergency services;
- Should an attack happen, supporting *Prepare* and by responding alongside the emergency services with specialist expertise (for example in Chemical Biological Radiological and Nuclear and explosive materials).

2.120 The MOD has also taken a proactive role over the past year to support security planning for the 2012 Olympic Games, and will also be providing some non-security support such as parts of the Defence Estate.

Deterrence

2.121 The UK remains committed to working towards a safer world in which there is no requirement for nuclear weapons and continues to play a full role in international efforts to strengthen arms control and prevent the proliferation of chemical, biological and nuclear weapons. But the continuing risk from the proliferation of nuclear weapons, and the certainty that a number of other countries will retain substantial nuclear arsenals, mean that our minimum nuclear deterrent capability, currently represented by Trident, remains

a necessary element of our security. Our nuclear forces make a substantial contribution to NATO's overall defensive strategy and retention of an independent centre of nuclear decision-making makes clear to any adversary that the costs of an attack on UK vital interests will outweigh any benefits.

2.122 The UK's nuclear weapons are not designed for military use during conflict but instead are to deter and prevent nuclear blackmail and acts of aggression against our vital interests that cannot be countered by other means. We retain only the minimum amount of destructive power required to achieve our deterrence objectives. Deliberate ambiguity is maintained about precisely when, how and at what scale we would contemplate use of our nuclear deterrent. We will not simplify the calculations of a potential aggressor by defining more precisely the circumstances in which we might consider the use of our nuclear capabilities; hence, we will not rule in or out the first use of nuclear weapons. But the Government has made clear many times over many years that the UK would only contemplate using nuclear weapons in extreme circumstances of self-defence and in accordance with the UK's international legal obligations.

Ballistic Missile Defence

2.123 The UK continues to work closely with the US and other Allies on ballistic missile defence (BMD). We provide practical support by allowing the US to use early warning radar information from RAF Fylingdales and the satellite downlink at RAF Menwith Hill to route early warning satellite data into the missile defence command and control system. The UK takes a leading role in the work and discussion in NATO to explore the potential development of a missile defence architecture capable of protecting the Alliance territory from future missile attack from states of concern. The UK has no plans to develop or acquire our own missile defence capability, but we keep this under review. The UK continues to carry out research activities with scientific and industrial partners, allowing us to improve our understanding of BMD-related technologies and the technical and political issues associated with strategic and theatre missile defence.

Resources

Delivering the Defence Vision against the background of an increased requirement for up-front investment and rising costs in many areas, is a challenge. The same is true of managing a reduction in manpower while achieving manning balance. To meet these challenges we must use to best effect our three principal resources: people, money and estate.

Using the Defence Balanced Scorecard the Defence Board has set the following challenge:

Are we using and developing our resources to best effect?

And monitors three areas of activity:

D. People: Manage our people to provide sufficient, capable and motivated Service and civilian personnel.

E. Finance and Value for Money: Maximise our outputs within allocated financial resources.

F. Estate: Maintain and develop estate infrastructure of the right capability and quality.

These three areas are described in more detail in the following section.



Section D

People

Regular Service Personnel – Sufficient

3.1 People are our key resource, and we therefore require sufficient, capable and motivated Service personnel in the Royal Navy, Army and Royal Air Force, their volunteer reserve forces, and from the Civil Service working in Defence to deliver our key Defence objectives. This means sufficient and diverse people with the right mix of skills within each Service and in the civilian workforce. They must be trained and fit for the very diverse and demanding jobs we need them to do and they must be motivated and feel that they have worthwhile and satisfying careers. Achieving this embraces a range of activities, including recruitment and retention, training and physical health, and consideration of motivational factors such as the time between operational tours for Service personnel and opportunities to develop personally and professionally.

3.2 Attracting and keeping talent is one of the key responsibilities of the Services and the MOD. We have continued to sustain sufficient, capable and motivated personnel on operations but are not complacent about the scale of challenge we face. Consequently, the department has worked hard to improve both recruitment and retention (see paragraphs 3.12 onwards for more information).

3.3 The overall manning picture is showing early signs of improvement and reflects the significant action taken by all three Services in both recruitment and retention. As at April 2009 trained strength against the requirement is slightly higher and there are substantial increases in the numbers joining the untrained strength and reductions in the number leaving. However, military personnel planning remains an inexact process, as it represents the combination of recruitment and gains to trained strength, retention of existing personnel, and a changing requirement. These factors tend to move independently, which makes the challenge greater. Overall, at 1 April 2009, the Armed Forces were outside the target Manning Balance with a trained strength of 173,920^P, 97.2%^P of the 178,860 requirement¹ (see Tables 3.1 and 3.2). This represents a shortfall of some 4,900 although it shows an improving situation when compared with the same last year.

3.4 At 1 April 2009, the trained strength of the Naval Service was 35,020^P; 97.9%^P of the 35,760 requirement. Compared with the same period last year, trained strength deficit against requirement decreased to 2.1% at 1 April 2009 from 3.3% (740) at 1 April 2008. Currently, planned requirement changes, as a result of agreed restructuring, are expected to be delivered, although, not as rapidly and extensively as originally envisaged. A variety of initiatives to increase gains to trained strength through improved recruiting and better retention should help to reduce the deficit. Assuming all initiatives are successful and assumptions remain valid, the level of deficit is expected to reduce, such that, the RN is now expected to achieve Manning Balance by April 2010.

Table 3.1 – Regular Service Personnel: Sufficient Trained Strength

Trained strength of the Armed Forces was 97.2% of overall requirement as at 1 April 2009				
	Number as at 1/4/2009	% of requirement as at 1/4/2009	% of requirement as at 1/4/2008	% of requirement as at 1/4/2007
Naval Service	35,020	97.9	96.7	94.9
Army	99,250	97.5	96.5	97.5
RAF	39,660	96.0	98.6	96.7

^P denotes provisional. Due to ongoing validation of data from JPA some data is provisional. This means that the data is sufficiently accurate to be published but that further validation may lead to small revisions that should not materially affect the information presented.

¹ The Departmental Strategic Objective Target for Manning Balance is defined as between -2% and +1% of the requirement.

3.5 At 1 April 2009, the trained strength of the Army was 99,250^P; 97.5%^P of the 101,790 requirement. Compared with the same period last year, trained strength deficit against requirement decreased to 2.5% (2,540) at 1 April 2009 from 3.5% at 1 April 2008. The Army has a range of measures in place to recover Manning Balance in early 2010 and Full Strength in 2011.

3.6 At 1 April 2009, the trained strength of the RAF was 39,660^P; 96.0%^P of the 41,310 requirement. Compared with the same period last year, trained strength deficit against requirement increased to 4.0% at 1 April 2009 from 2.4% (1,660) at 1 April 2008. Given the significant increases in Gain to Trained Strength and the welcome reductions in voluntary outflow, the RAF is forecast to attain Manning Balance in 2010 and Full Strength in 2012.

The ships company of HMS Ocean parade through Sunderland after being granted the of Freedom of the City



Manning Pinch Points

3.7 Within the overall manning totals there are a number of identified skills areas where there is insufficient trained personnel to meet the specified requirement for that skill. These are known as Pinch Points. This can reflect a shortage of people against the peacetime requirement, a temporary operational requirement greater than the peacetime requirement, or a combination of the two. Pinch Points are managed by the individual Services, with a central working group maintaining an overview to identify trends and to ensure best practice. Mitigating the Pinch Points can in some cases require personnel to exceed Harmony Guidelines (see paragraph 3.41). Each Service maintains a dynamic list reflecting operational commitments and manning levels within branches and trades as they vary over time. The position as of 1 April 2009 is set out at Table 3.3 below.

Royal Navy and Royal Air Force personnel side by side on parade at RAF Cottesmore



Table 3.2 – Strength and Requirement of Full Time UK Regular Forces, Full Time Reserve Service and Gurkhas

	Naval Service			Army			Royal Air Force		
	1 April 2009	1 April 2008	1 April 2007	1 April 2009	1 April 2008	1 April 2007	1 April 2009	1 April 2008	1 April 2007
Trained Requirement	35,760	36,260	36,800	101,790	101,800	101,800	41,310	41,210	45,020
Trained Strength	35,020 ^P	35,070 ^P	34,920	99,250 ^P	98,270 ^P	99,350 ^P	39,660 ^P	40,620 ^P	43,550
Variation	-740 ^P	-1,190 ^P	-1,880	-2,540 ^P	-3,530 ^P	-2,450 ^P	-1,660 ^P	-590 ^P	-1,460
Untrained Strength	3,940 ^P	4,040 ^P	4,520	12,160 ^P	11,540 ^P	11,180 ^P	4,310 ^P	3,140 ^P	2,160
Total UK Regular Forces	38,960 ^P	39,110 ^P	39,440	111,410 ^P	109,810 ^P	110,530 ^P	43,970 ^P	43,750 ^P	45,710

DASA (Quad-Service)

Notes

1. The Trained Strength, Untrained Strength and the Trained Requirement comprise UK Regular Forces, Gurkhas, FTRS personnel and Nursing services. They do not include the Home Service battalions of the Royal Irish Regiment or mobilised reservists.
2. Due to ongoing validation of data from the Joint Personnel Administration System, Army statistics from 1 April 2007, and Naval Service and RAF statistics from 1st May 2007 are provisional (P) and subject to review.
3. Figures are rounded to ten and may not sum precisely to the totals shown.
4. Due to the introduction of JPA original Army figures published in MOD Annual Report and Accounts 2006-2007 were as at 1 March 2007.

Table 3.3 – Manning Pinch Points

Royal Navy		
Operational Pinch Point Trades	Liability/Shortfall	% Shortfall
Lt Cdr XSM Command Qualified	83/36	43%
Lt X SM Intermediate Warfare Course Qualified	40/7	18%
Lt X SM Advanced Warfare Course Qualified	35/1	3%
Principal Warfare Officers	326/104	31%
RN Harrier GR7 Instructors	9/3	33%
GR7 Harrier Pilots – Lt	33/9	27%
Mine Clearance Divers/Warfare Officers	71/24	33%
Strategic Weapons Systems Junior Rates	112/25	22%
Merlin Pilots	122/44	36%
Merlin Observers	116/45	39%
Merlin Aircrew man	103/23	22%
Leading Hand Warfare	1161/336	28%
Able Bodied Diver	137/40	29%
Able Rate 1 Seaman	377/83	22%
Leading Aircraft Controllers	75/34	45%
Royal Marines Other Ranks	6979/327	5%
Able Rate Warfare Specialist (Sensors Submariner)	167/26	16%
Sea-King and Lynx Avionics Supervisors	810/290	35%
Cat A Nuclear Watch keepers	151/30	20%
Cat B Nuclear Watch keepers	373/49	13%
Leading Logs (Catering)	333/74	22%
Logs (Catering)	456/+3	-
Leading Logs (Pers)	239/14	6%
Logs (Pers)	397/9	2%
Leading Seaman Mine Warfare	78/8	10%
Able Rate 1 Warfare Specialist	650/+32	-
Able Rate 1 Communications and Information Systems	34/+15	-
Army		
Operational Pinch Point Trades		
RLC Ammo Tech Cpl-SSgt	306/117	38%
Infantryman Pte-LCpl	14980/1590	11%
RE Explosive Ordnance Disposal Cpl-SSgt	131/22	17%
AMS Intensive Therapy Unit Nurse Cpl-Capt	121/85	70%
AMS Emergency Medicine Nurse Cpl-Capt	101/63	62%
AMS Pharmacist Officer Capt	23/12	52%
REME Armourer Pte-Cpl	377/74	20%
Intelligence Operator – Military Intelligence Cpl-Sgt	708/232	33%
RA Gunner LBdr – Bdr	2539/429	17%
REME Vehicle Mechanic Pte-Cpl	3521/297	8%
REME Recovery Mechanic LCpl-Cpl	339/108	32%
Manning Pinch Point Trades		
AMS Radiographer Cpl-WO1	24/11	46%
AMS Anaesthetist Maj+	49/26	53%
RE Mil Engr Fitter Spr-LCpl	495/86	17%
RE Mil Engr C3S Spr-LCpl	712/101	14%

AMS General Medical Practitioner Capt+	155/9	6%
RLC Log Spec (supplier) Pte-LCpl	1397/266	19%
RE Clerk of Works SSgt-WO1	248/11	4%
RA Unmanned Ariel Vehicle Operator (Level 4) LBdr-Bdr	45/14	31%
AMS Orthopaedic Surgeon Maj+	13/3	23%
AMS General Surgeon Maj+	17/7	41%
RE Mil Engineer Geo Spr-WO2	365/81	22%
AGC(SPS) Mil Admin Pte-Sgt	2666/374	14%
RLC Postal and Courier Op Pte-Cpl	433/36	8%
AMS Registered Nurse	293/30	10%
RLC Chef Pte-LCpl	1459/137	9%
CAMUS Musician	300/92	31%
AMS Radiologist Major	4/2	50%
Royal Air Force		
Operational Pinch Point Trades		
Pilot (Junior Officer)	1460/160	11%
Flying Branch (Career Stream – Senior Officer)	677/101	15%
Operations Support (Intelligence)	220/10	5%
Operations Support (Regiment)	280/30	11%
Operations Support (Flight Operations)	220/0	-
Medical	280/70	25%
Princess Mary's Royal Air Force Nursing Service	180/50	28%
Weapons System Operator (Air Load Master)	580/80	14%
Weapons System Operator (Linguist)	60/10	17%
Fire Fighter	540/0	-
Gunner	1930/180	9%
Air Traffic Controller/Flight Operations Manager/Flight Operations Assistant	1250/10	0.8%
Logistics Movements	900/50	6%
Manning Pinch Point Trades		
Weapons Systems Operator (Junior Officer)	510/80	16%
Operations Support (Aerospace Battle Manager)	340/50	15%
Operations Support (Air Traffic Control)	400/30	8%
Personnel (Support Officers)	520/10	2%
Personnel (Training)	220/20	9%
Chaplains	80/20	25%
Aircraft Technician (Mechanical)	4740/140	3%
Aircraft Technician (Avionics)	3760/190	5%
General Technician (Electrical)	530/50	9%
General Technician (Mechanical)	920/120	13%
Intelligence Analyst	680/100	15%
Survival Equipment Fitter	610/60	10%
Biomedical Scientist	20/10	50%
Dental Nurse	130/9	7%

Note:

1. **Operational Pinch Point.** A branch specialisation, sub-specialisation or area of expertise, where the shortfall in trained strength (officers or ratings/other ranks) is such that it has a detrimental impact on operational effectiveness. (This might be as a result of adherence to single-Service harmony guidelines, under-manning, and/or levels of commitment that exceed the resourced manpower ceiling for the trades or areas of expertise involved).

2. **Manning Pinch Point.** A branch specialisation, sub-specialisation or area of expertise, where the shortfall in trained strength (officers or ratings/other ranks) has affected the branch structure and will take a number of recruitment/retention measures to rectify. (This might be as a result of under-manning, a requirement for new skills, medical downgrades, over-commitment at certain ranks, over/under promotions for the trades or areas of expertise involved). Percentage Shortfall. These percentages are rounded to the nearest whole number.

Navy

3.8 Navy operational Pinch Point trades have risen from 20 to 27 including groups such as Lieutenant Submariner Intermediate Warfare Course and Advanced Warfare Course qualified entering the list, which is a concern. Principal Warfare Officers are the second most significant concern with a 24% deficit. There are shortages at 2nd/3rd tour level which constrains the ability to fill Flag Officer Sea Training (FOST) and Battlestaff posts, as well as existing gaps. Other new trades include Logistics Catering Services and Logistics Personnel, Mine Clearance Divers and Mine Warfare Officers. Petty Officer Mine Warfare was deleted from the list.

Army

3.9 The Army currently has 11 Operational Pinch Points (eight in 2007-08). Royal Logistic Corps Ammunition Technician, Royal Engineer Explosive Ordnance Disposal specialists, Army Medical Services Intensive Therapy Nurse and Army Medical Services Emergency Medicine Nurse have moved from the Manning Pinch Point list to the Operational List while Royal Engineers Clerk of Works and Royal Engineer Mechanical Engineers Fitters have moved into the Manning Pinch Point list. The Royal Logistic Corps Ammunition Technician is the Army's critical concern followed closely by the Infantry Private to Lance Corporal (Pte-LCpl) grouping. The deficit in Infantry Pinch Point manning has increased further from 8.5% in 2007-08 to 10.6% in 2008-09.

Guard duty in Afghanistan



3.10 Army Manning Pinch Points have fallen from 20 to 17 mainly as a result of two trades moving off the list into the Operational list (Army Medical Services Intensive Therapy Nurse and Army Medical Services Emergency Medicine Nurse), two trades dropping off the list (Royal Signals Information System Engineer and Army Medical Services

Operating Department Practitioner), one trade moving onto the list (Royal Logistic Corps Logistics Specialist, the Private to Lance Corporal grouping) and two trades moving from the operational list to the manning list (Royal Engineers Clerk of Works and Royal Engineer Mechanical Engineers Fitters).

A formal goodbye to 3 (Fighter) Squadron and welcome to 800 Naval Air Squadron



RAF

3.11 RAF operational pinch points have reduced from 15 to 13 with RAF Police, Military Transport Technicians, Staff nurse and Operations Support Provost being replaced by Junior Officer Pilots and Career Stream Senior Officer Pilot. Manning pinch points have shown a degree of movement with eight new trades mainly in mechanical and electrical trades and personnel.

Recruitment

3.12 It is encouraging that recruitment to all three Services continues to improve. There are a number of reasons for this, not least the hard work and effort that has gone into the targeted national, regional, and local recruitment campaigns. The current economic climate is also beginning to have an impact and we are seeing a significant increase in the number of people enquiring about a career in the Armed Forces, both on-line and by visiting recruitment offices. We have seen an increase of some 1,710 personnel recruited into the Untrained Strength at 1 April 2009 compared with the same period last year.

A Corporal comes to the aid of a new recruit climbing a wall on the assault course, at the Army Training Regiment Pirbright, Surrey



Table 3.4 – Intake to UK Regular Forces from civilian life

	Naval Service			Army			Royal Air Force		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
Officer Intake	210 ^P	290 ^P	320 ^P	890 ^P	1,060 ^P	900 ^P	410 ^P	390 ^P	370
Other Ranks Intake	3,800 ^P	3,580 ^P	3,450 ^P	13,620 ^P	13,480 ^{TP}	13,400	3,840 ^P	2,540 ^P	1,360
Total Intake	4,000 ^P	3,860 ^P	3,770 ^P	14,510 ^P	14,540 ^{TP}	14,300	4,260 ^P	2,930 ^P	1,720

DASA (Quad-Service)

Notes

1. Due to ongoing validation of data from the Joint Personnel Administration System, all Naval Service flow statistics from period ending 31 October 2006, all Army flow statistics from period ending 31 March 2007 and all RAF flow statistics from period ending 30 April 2007 are provisional (p) and subject to review.
2. UK Regular Forces includes Nursing services and excludes Full Time Reserve Service personnel, Gurkhas, the Home Service battalions of the Royal Irish Regiment and mobilised reservists. It includes trained and untrained personnel.
3. Due to the introduction of JPA original Army figures published in MOD Annual Report and Accounts 2006-07 comprised flows from 1 March 2006 to 28 February 2007
4. Figures are rounded to ten and may not sum precisely to the totals shown.
5. r denotes revised.

- The MOD continues to monitor a number of underlying socio-economic factors which are affecting recruitment activity. These include long term demographic decline in the numbers of young people, with an increasing proportion from ethnic minorities; a relatively low level of women in the Armed Forces compared to the workforce as a whole; increasing obesity and health problems among young people; changing attitudes and expectations away from a 'job for life'; an increasing number of young people in further and higher education; and the impact of current operations and negative events on the reputation of the Armed Forces. We expect these to remain key challenges for us.
- The overall Royal Navy recruitment target of 4,510 in 2008-09 was some 5% higher than the previous year's. Against this higher target, the intake of 4,000 at April 09 was slightly higher than the previous year (3,860 in 2007-08). Spending by the Royal Navy on advertising and public relations expenditure was £12.9M. This includes the costs of national and regional advertising, recruitment activities, publications, the website, and various other promotional activities. The Royal Marines Website won The Interactive Marketing and Advertising Awards in the Recruiting Section for 2008. It was also short listed for 'best website' in the Revolution Innovation Awards. 2008. The 12th Annual Webby (International Academy of Digital Arts and Sciences) Awards made the award of "Official Honouree" to the Careers Section of the Royal Navy Website. Examples of other recruiting initiatives include, development of the RN's award winning multi-media marketing, and the opening of a new Royal Naval Acquaint Centre to reduce the numbers who drop out of training, and the selection of a specialist commercial partner to help reach the desired population of potential recruits.
- The overall Army recruitment target of 15,765 in 2008-09 was some 9% higher than the previous year. Against this higher target, the intake of 14,510 at April 2009 was broadly similar to that in the previous year (14,540 in 2007-08). The Army Recruiting Group's national marketing spend for the Regular and Territorial Army, Officer and Soldier was £28.7M in 2008-09. This encompassed television, press, radio and internet advertising, the production of DVDs and print media (brochures and pamphlets). As well as response handling and fulfilment, the Camouflage youth information scheme, the Army Jobs website and all overarching production and design work. The Army's Recruiting Group won several awards for its work during 2008, including the 'Best Public Services' Category and 'Best Responsive Broadcast' category in key trade press.
- The overall RAF recruitment target of 4,348 in 2008-09 was some 41% higher than the previous year. Against this higher target, the intake of 4,260 at April 2009 was a considerable improvement compared with the previous year (2,930 in 2007-08). Spending by the RAF on recruitment advertising and marketing totalled £20.5M. This comprised expenditure on a wide range of marketing activities for both the RAF and Royal Auxiliary Air Force, including all media and production for advertising campaigns, response handling, the RAF Careers and Youth websites, literature, films, exhibitions, events, sports, sponsorships, educational programmes, customer relationship marketing, promotional items and all marketing research.

RAF Personnel at work



Royal Marines from 40 Commando storm ashore during a beach landing exercise at Instow, North Devon



Trained Inflow

3.13 Recruitment is of course only the first stage. Once enlisted personnel require training before joining the Trained Strength of their Service. It is only when they reach this point that they count against Manning Balance requirements. On enlistment, all recruits undergo Phase 1 training, lasting on average about twelve weeks, to provide the initial training in basic military skills and inculcate the Service ethos. Phase 2 initial specialist training follows and can take from a few weeks to over a year for highly specialised training. On completion individuals have the necessary skills for first employment in their chosen trade or specialisation and only at this point do they join the trained strength of their service, known as Gains to Trained Strength. While the Services work to keep the wastage rate to a minimum, inevitably fewer personnel complete initial training than are recruited. Given the variable length of Phase 2 training there is no direct correlation between the number recruited and the Gain to Trained Strength in any given year.

Retention and Voluntary Outflow

3.14 Overall military staff turnover including those who have completed their full engagements or have been discharged involuntarily is in the region of 10% per year. The Armed Forces require sufficient personnel to leave in mid-career in order to maintain a balanced structure and promotion opportunities. A certain level of early exits (known as voluntary outflow (see Table 3.6) every year is therefore important. The MOD monitors this closely, against guideline figures derived from long term trends that reflect the ability to provide sustainable personnel structures and the capacity to train replacements for those who leave. However, it costs significantly more to recruit and train new personnel than retain existing ones. We therefore work to retain those people of the right quality and experience. A wide range of measures are used to improve retention, including career management, improvement to conditions of service and work/life balance, extensions to normal engagement lengths, commitment bonuses and financial retention initiatives. These incentives are particularly effective as a targeted measure of last resort to

Table 3.5 – Gains to Trained Strength of the UK Regular Forces (trained recruits provided to the front line)

	2008-09		2007-08		
	Target	Achieved	Target	Achieved	
Naval Service Officers	420 ^P	460	400 ^P	300	75%
Naval Service Other Ranks	3,510 ^P	2,900	2,920 ^P	3,180	109%
Army Officers	660 ^P	750	660 ^P	610	92%
Army Other Ranks	9,220 ^P	8,580	9,200 ^P	7,690	84%
Royal Air Force Officers	480 ^P	460	330 ^{Pe}	440	135%
Royal Air Force Other Ranks	2,230 ^P	2,180	1,330 ^{Pe}	1,140	85%

DASA (Quad-Service)

Notes

1. UK Regular Forces includes Nursing services and excludes Full Time Reserve Service personnel, Gurkhas, the Home Service battalions of the Royal Irish Regiment and mobilised reservists.
2. Targets were provided by the individual Services and are not DASA figures.
3. RAF figures for 2007-08 are estimates derived from the relationship of Untrained to Trained flows with net Gains to Trained Strength pre JPA.
4. Numbers for Royal Air Force Officers includes Non Commissioned Aircrew
5. Due to ongoing validation of data from the Joint Personnel Administration System, all Naval Service flow statistics from period ending 31 October 2006, all Army flow statistics from period ending 31 March 2007 and all RAF flow statistics from period ending 30 April 2007 are provisional (p) and subject to review.
6. e denotes estimated.

ensure operational capability is maintained in critical manning areas, and a number are in place, both through the Armed Forces Pay Review Body and on a smaller scale by each Service's Principal Personnel Officer. Given their increasing use, and taking account of recommendations by the National Audit Office and Public Accounts Committee, we have strengthened the process for conducting cost benefit analyses of each financial retention incentive to ascertain its effectiveness. The standard of accommodation also plays a significant role and we have been investing heavily in improvements.

3.15 Retention of Service personnel remains a high priority, particularly those who are in Pinch Point trades. The decreasing level of voluntary outflow over the past 12 months is very encouraging. The anecdotal evidence that applications to leave are reducing will further reduce the level of voluntary outflow in due course. But if the Armed Forces are to avoid a surge in voluntary outflow as the economy recovers the current tools, such as financial retention incentives, career breaks, a tri-Service commitment bonus and improved support to families, will have to be refined and targeted at the most vulnerable trades.

Table 3.6 – Voluntary Outflow Rates

	Stable long term Voluntary Outflow Goal	Year ending 31 March 2009	Year ending 31 March 2008	1 April 2000 to 31 March 2009
Naval Service Officers	2.0%	4.0% ^P	4.3% ^P	3.1% ^P
Naval Service Other Ranks	5.0%	6.0% ^P	6.3% ^{rP}	5.8% ^P
Army Officers	4.1%	..	..	4.0% ^P
Army Other Ranks	6.2%	..	..	5.7% ^P
RAF Officers	2.5%	2.9% ^P	3.0% ^P	2.6% ^P
RAF Other Ranks	4.0%	5.5% ^P	5.1% ^P	4.4% ^P
Tri-Service Officers	..	..	..	3.2% ^P
Tri-Service Other Ranks	..	..	..	5.3% ^P

DASA (Quad-Service)

Notes

1. Voluntary outflow information has not been published for the Army since the introduction of JPA because of ongoing validation of data.
2. Long term voluntary outflow goals are sourced from the MOD Departmental Plan 2005-2009. Voluntary outflow information has not been published for the Army since the introduction of JPA because of ongoing validation of data.
3. Due to ongoing validation of data from the Joint Personnel Administration system, all Naval Service flow statistics from period ending 31 October 2006, all Army flow statistics from period ending 31 March 2007 and all RAF flow statistics from period ending 30 April 2007 are provisional (p) and subject to review.
4. Annual rates are calculated by taking the number of exits as a percentage of the average strength of all trained Officers or Other Ranks.
5. r denotes revised.
6. .. denotes not available.

Table 3.7 – Outflow of UK Regular Forces

	Naval Service			Army			RAF		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
Officer Outflow	520 ^P	580 ^{rP}	500 ^P	1,270 ^P	1,490 ^P	1,330 ^P	640 ^P	760 ^P	850
(Voluntary Outflow)	(260) ^P	(280) ^P	(210) ^P	..	..	(590)	(250) ^P	(260) ^P	(260) ^P
Other Ranks Outflow	3,910 ^P	3,760 ^{rP}	3,820 ^{rP}	11,870 ^P	13,830 ^P	14,440 ^P	3,670 ^P	4,270 ^P	4,220
(Voluntary Outflow)	(1,680) ^P	(1,760) ^{rP}	(1,760) ^P	..	..	(4,780)	(1,720) ^P	(1,670) ^P	(1,640) ^P
Total Outflow	4,430 ^P	4,340 ^{rP}	4,320 ^{rP}	13,140 ^P	15,330 ^{rP}	15,770 ^P	4,320 ^P	5,020 ^P	5,070
(Voluntary Outflow)	(1,940) ^P	(2,040) ^{rP}	(1,960) ^P	..	..	(5,370)	(1,960) ^P	(1,930) ^P	(1,900) ^P

DASA (Quad-Service)

Notes

1. Voluntary outflow information has not been published for the Army since the introduction of JPA due to ongoing validation of data.
2. Due to ongoing validation of data, Army Voluntary Outflow data for 2006-07 are for the latest 12 months available comprising data from 1 March 2006 to 28 February 2007.
3. Due to ongoing validation of data from the Joint Personnel Administration System, all Naval Service flow statistics from period ending 31 October 2006, all Army flow statistics from period ending 31 March 2007 and all RAF flow statistics from period ending 30 April 2007 are provisional (p) and subject to review.
4. Figures are rounded to ten and may not sum precisely to the totals shown.
5. r denotes revised.
6. .. denotes not available.

Regular Service Personnel – Capable

Medical Provision for Service Personnel

3.16 The Armed Forces must have personnel fit and able to carry out the tasks required of them. It is important to identify injuries quickly and provide the necessary care for recovery. The Defence Health Strategy sets out the responsibilities of everyone in Defence, including the chain of command, the medical services and the individual, for the promotion and enhancement of the health of our Service personnel.

Aeromedical evacuation



3.17 In 2008 the Surgeon General invited the Healthcare Commission to carry out a review of the Defence Medical Services' clinical governance process. This review was conducted between June and December 2008, and was the first ever pan-MOD independent expert assessment of the standards of healthcare provided to Service personnel, dependants and entitled civilians at military facilities. The review praised the care provided to casualties of war, highlighting systems to reach and treat casualties quickly including the training of staff, design of field hospitals, clinical audits to feedback important lessons, and innovations in the treatment of major injuries and rehabilitation for injured personnel. In addition, the review recommended that Healthcare initiatives should be conducted in conjunction with the NHS and independent healthcare providers.

3.18 The MOD continues to provide vital medical care to personnel on operations. In 2008-09 we had Field Hospitals deployed in Iraq at the Contingent Operating Base in Basra, and at Camp Bastion in Helmand Province, Afghanistan. We also provided a contribution to the Multinational Field Hospital at Kandahar, Afghanistan. Reserve forces and contracted medical staff have continued to play a key role in meeting our operational medical commitments, with medical reservists making up 50% of our deployed hospital based capability.

The MOD is constantly looking at ways to improve the treatment that we provide, for example we have introduced highly effective Medical Emergency Response teams. These consultant-led medical teams can be deployed to the scene of a casualty using Chinook helicopters, and provide the specialist care, during evacuation, that is normally only found in trauma centres. These teams in conjunction with advances in medical technology and treatment, including apheresis capability (allowing blood platelets to be extracted from donors, in deployed environments), means casualties are now surviving injuries that would almost certainly have killed them 40 years ago.

The field hospital at Camp Bastion, Afghanistan



3.19 Military personnel who sustain serious physical injuries on operations overseas are usually aero-medically evacuated back to the UK for treatment by the University Hospital, Birmingham NHS Foundation Trust. This includes Selly Oak Hospital, which is at the leading edge in the medical care of the most frequent types of injuries our casualties sustain (such as poly-trauma). Within the main orthopaedic and trauma ward at Selly Oak, we have created a military managed ward for military personnel, providing clinical and nursing care by a combined military and civilian team. We are enormously appreciative of the National Health Service staff in Birmingham who, together with Defence Medical Services personnel, provide world-class treatment and care for our casualties, some of whom have sustained serious multiple injuries. We will carry forward the military managed concept into the new Queen Elizabeth Hospital, Birmingham being built in Edgbaston. This will be Europe's largest and most modern critical care teaching hospital, and is planned to start admitting patients in 2010.

3.20 The Defence Medical Rehabilitation Centre (DMRC) at Headley Court continues to provide high quality rehabilitation care for complex injuries, including amputees and brain-injured patients. The Secretary of State for Defence announced in May 2008 an additional £24M capital funding for

the DMRC over the next four years. This money has contributed to a new accommodation block (Wood House), providing 58 additional beds for patients and staff, which opened in December 2008. In addition, a facility for the diagnosis and treatment of mild traumatic brain injuries was completed in April 2009. Construction has also begun on a new rehabilitation complex which will provide a 25 metre 'state of the art' swimming pool, replacement and additional gymnasium facilities, and a centre for injury research and clinical assessment (including gait analysis capability) all of which should come into use in Spring 2010. Some £8M of the build cost of this facility will be met through the generosity of Help for Heroes – a recently formed Service charity. Patients at Headley Court are also benefiting from the generosity of another charity, the Soldiers, Sailors, Airmen and Families Association (SSAFA), which has funded the building, furnishing and management of Norton House which serves as a "home from home" for patients' families.

Treatment at the Defence Medical Rehabilitation Centre at Headley Court



3.21 Accelerated access for Service personnel to MOD Hospital Units in NHS Trusts is designed to bring about shorter referral to treatment times than are ordinarily available within the NHS. During 2008-09 there were 24,541 new accelerated access referrals to MOD Hospital Units with 10,051 of these leading to an episode of inpatient treatment. Regional Rehabilitation Units and Multi-disciplinary Assessment Clinics are established to support personnel with orthopaedic problems, providing access to assessment and physiotherapy faster than available in the NHS. Fast-track orthopaedic services are provided for those with conditions amenable to surgery in order to render individuals fit for task and therefore deployment, substantially quicker than would otherwise be achievable.

3.22 The Defence Medical Services continued to provide mental health support through 15 military Department of Health Community Mental Health Centres in the United Kingdom (plus satellite centres overseas), ensuring better access to specialised

mental health support within, or close to, an individual's unit or home. This also enabled Defence mental health staff to work within their local Service community, which is more closely aligned with their operational role. In-patient care is provided though a contract with an external provider. In 2008, the MOD re-tendered this contract, which was won by a partnership of seven NHS Trusts led by South Staffordshire and Shropshire NHS Foundation Trust. This will allow us to continue to offer treatment close to the patient's home or parent unit, using facilities at each of the Trusts concerned.

3.23 The MOD continued to work closely with the Department of Health to ensure effective coordination and sharing of best practice between the Defence Medical Services and the NHS. There are regular meetings between Ministers, the Health Partnership Board and the Medical Research Council. When not deployed overseas, Defence Medical Services personnel who work in secondary care maintain their clinical skills in the NHS, establishing a cross pollination of skills. In a similar fashion, NHS reservists bring new clinical and crisis management skills learned on operations back to the NHS.

3.24 Considerable progress has been made to improve the relationship between all UK Health Departments most notably through the recognition of the Defence Medical Services as a partner in the Health and Social Care Bill 2008. The Scottish Government has made considerable efforts to develop this partnership, by setting up a new Armed Forces and Veterans Unit in Scotland, and by hosting the 2009 Military and Civilian Health Partnership Awards. We continue to explore new ways to share military emergency medicine experience with the NHS, especially in trauma care, and to share lessons from leadership experiences gained on operations. This ongoing relationship is gathering momentum, although has some way to go to mainstream the inclusion of service personnel and their dependant's needs in the thinking of other Government Departments. The additional emphasis of the Service Personnel Command Paper is most welcome and the commitment by others, both UK-wide and regionally, for the delivery and support to the health and wellbeing of the Armed Forces, their families and veterans is warmly welcomed.

Fit for Task

3.25 Over the year the proportion of Armed Forces personnel reported as 'fit for task' fell slightly from 85.4% on 1 April 2008 to 84.8% on 1 April 2009. There are plans underway to replace the current metric with one that measures medical deployability. Of those not fully fit only 0.75% were

unfit for any task, with the remaining 14.5% able to carry out duties in their units and continue to contribute to operational effectiveness. The data reflects the continuing high operational tempo, as the level of fitness required for personnel to be able to deploy on combat operations is both more demanding and more strictly enforced than that required in a less challenging environment. The Surgeon General has set up a Defence Hearing Working Group to examine the occurrence and impact of hearing loss due to service. Heat and Cold Injuries Working Groups have also been set up to examine prevention and treatment of such injuries.

3.26 Medical management systems are also being further improved. Since July 2007 we have been rolling out the £80M Defence Medical Information Capability Programme. It is now working successfully at almost all Army and Royal Air Force medical centres in the UK and is currently being rolled out to Royal Navy and Defence Dental Service sites, and in Germany. The system provides medical and dental staff with access to an electronic integrated health record for all military personnel and others for whom they provide healthcare, together with powerful clinical decision support and management information systems. A variant of the system for use in deployed operations will start to be rolled out in mid-2009. Over time this should help increase the number of Service personnel medically fit for task.

Basic Skills – Literacy and Numeracy

3.27 Basic skills provision has become evermore important for all Defence personnel in an increasingly sophisticated, technological and networked operational environment. The pattern of poor basic skills abilities is not evenly distributed across Armed Forces recruits and those who join certain trade groups in the Army often exhibit the most need. The Army estimates that up to 45% of its recruits initially join at Entry Level 3² or below. The Services continue to take a 'whole organisational' approach to the issue, by close adherence to the Armed Forces Basic Skills Policy, which lays down entry and assessment criteria. Appropriate Basic Skills information is being embedded into initial and routine trade training. The Army is making considerable progress as a result of their embedding trial at the Army Training Regiment, Winchester. Also worthy of note is the work being conducted by the Army into improving the provision made for soldiers who require 'English for Speakers of Other Languages' support; with specialist Basic Skills staff being trained to deliver assistance. Military educational specialists are also deployed

² Literacy and numeracy level of 10-11 year old.

on operations to increase mentoring support to personnel. The former Department for Innovation, Universities and Skills recognised the significance of the Services' work by sponsoring a high-profile three year longitudinal study into the 'Value-Added Benefits of Basic Skills Provision'. The work will help underpin future investment appraisals. A scoping phase was completed in 2008-09 and implementation of the full study is now underway.

Basic Skills – Information and Communication Technology

3.28 The ability to retrieve, interpret and exploit shared information is now a fundamental skill required by all in Defence. The introduction of automated personnel administration systems requires all in Defence to be responsible for some aspects of their own personal electronic records. The increasing role of Network Enabled Capability in achieving operational effects adds a further dimension and motivation to this requirement for the Armed Forces. All military and civilian personnel are given the opportunity to achieve the equivalent of a National Vocational Qualification (NVQ) Framework Level 2 in these skills. The minimum level of IT skills required is being reviewed via the department's Information Skills Strategy. Training is already available at many levels including the internationally recognised European Computer Driving Licence.

Studying a foreign language at the Defence School of Languages



Military Training and Education – Qualification Attainment

3.29 Defence is one of the UK's largest employers and plays a crucial role in contributing to the national skills base. The Armed Services remains one of the few employers, where an individual can join with no qualifications and, with the correct motivation, leave with marketable skills and experience. In order to fill more than 300 specialist career paths, the Armed Forces need to recruit and train personnel from a breadth of vocational and academic backgrounds. As well as training to meet the operational need, there are many opportunities to gain nationally recognised civilian qualifications through the accreditation of Service education, training and experience. Defence is always seeking further possibilities to enhance the portability of the in-house training and education we provide, a good example being our exploitation of attaining national Awarding Body status. Training maintains a heavy emphasis on work based learning, with over 2,500 different types of courses being run – ranging from half a day, up to four years in duration. In 2007-08³ the MOD had more apprentice completions than any other Government department, with over 8,700 completions (see essay on Skills Pledge and Apprenticeships in Section O – Future Personnel). In addition, the Services achieved over 7,700 stand-alone NVQ or other Level 2⁴ qualifications and over 2,800 qualifications at Foundation Degree or above. The achievement of civilian recognised qualifications continues to be supported in many cases by the Armed Forces Learning Credits scheme. Information on the Defence Training Review can be found within Section N – Change.

Aerial view of the Joint Service Command and Staff College, Shrivenham



Regular Service Personnel – Motivated

Service Pay

3.30 In March 2009 the independent Armed Forces Pay Review Body (AFPRB) recommended a 2.8% increase in military salaries, specialist pay, some compensatory allowances and reserve bounties. New pay spines were recommended for Service nurses and Royal Navy Clearance Divers with additional specialist pay for Service nurses and Explosive Ordnance qualified divers. In addition to endorsing MOD's decision to introduce a new commitment bonus of £15,000 from 1 April 2009, the AFPRB also endorsed transitional arrangements to increase the value of the existing scheme to £8,000. Other recommendations included a reduction in the qualifying period for each level of longer separation allowance. The Government agreed to implement the recommendations in full from 1 April 2009, with the exception of the new pay spines and specialist pay for nurses and divers which will be implemented from 1 August 2009. Around £257M (gross) more will be spent on Armed Forces' pay each year.

Civilian BFPO Staff sorting the letters at BFPO Mill Hill



Deployment Welfare Package

3.31 The direct link between morale and operational capability means that the welfare of Service personnel is of the highest priority. The Deployment Welfare Package the department provides support to personnel on operations to enhance their emotional and physical well-being. Wherever possible personnel receive 30 minutes of free telephone calls a week to anywhere in the world⁵; free e-mail and internet access; free forces aerogramme letters and free electronic letter service; free postal packet service for the Iraq and

³ Data for 2008-09 is not yet available.

⁴ 5 GCSEs at grade C and above or the vocational equivalent.

⁵ Those on 9 & 12 month tours receive 60 and 120 minutes a week respectively. All personnel receive an additional 30 minutes over the Christmas period.

Afghanistan theatres (a subsidised packet service, free in the run up to Christmas, is available to other overseas locations); access to televisions, radios, DVD players and video gaming machines; British Forces Broadcasting Service television and radio transmissions; books, newspapers, magazines and board games; fitness equipment; Combined Services Entertainment live shows and celebrity visits; showers and a laundry facility and, where practicable, the provision of basic shop facilities.

3.32 Rest and recuperation periods back in the UK are allocated for those deployed for more than four months and all personnel qualify for a period of post deployment leave. The nature of operations in Iraq and Afghanistan means that some personnel are deployed to forward operating bases where facilities are often more basic. As a minimum the MOD provides IRIDIUM satellite telephones and TEXTLINK e-mail and SMS messaging terminals. Over 2008-09, MOD deployed an additional 50 Broadband Global Access Network nodes to enhance internet connectivity for those deployed to forward areas. Other key improvements to the package in the year include an uplift of 130 satellite welfare telephones as well as the installation of WiFi access in the major bases in Afghanistan which enables personnel to access the internet from their bed space.

3.33 Families who remain behind are also supported by the welfare deployment package with concessionary family travel provided. Additionally, financial assistance is provided to home units to support families and the families welfare grant was doubled to £2.20 a week for each person deployed at the beginning of November 2008⁶.

HIVE Information Centre, a valuable information resource for Service personnel and their families



Families Support

3.34 Since launch in December 2007 the MOD childcare voucher scheme has saved Service families an estimated £3M to put towards their childcare costs. We have agreed a new Memorandum of Understanding with the Child Maintenance and Enforcement Commission to ensure that Service personnel make due contribution for their families but the interests of the Service person are protected, particularly when that person is away on operations. MOD have engaged with the Department for Children Schools and Families and the Schools Admissions Code has been amended to improve the ability of Service families to get their children into their choice of state schools, including state boarding schools. Her Majesty's Revenue and Customs has ensured that the Health in Pregnancy grant can now be claimed by Service personnel, or their spouses worldwide. Following agreement with the Department of Work and Pensions, partners of Service personnel are now eligible for early access to the 'New Deal'. The Department of Health has agreed that families of Service personnel on NHS waiting lists will maintain equivalent places on the waiting lists in their new area when they relocate. (See the essay on the Service Personnel Command Paper which follows paragraph 3.47).

3.35 The MOD introduced a new policy to ensure that a Welfare Coordinator is appointed for every Service person either medically evacuated to the UK or unexpectedly admitted to a hospital. This policy, in conjunction with the defence patient tracking application, will assist in the coordination of welfare for the patient, and their family, and ensure that clinicians have an easily identifiable point of contact with whom to discuss welfare related issues.

Inquests and Funerals

3.36 Currently each death of a Service man or woman killed in an operation overseas whose body is repatriated to the UK is subject to an inquest. Since 1 April 2007, the bodies of service personnel killed on operations have been repatriated via RAF Lyneham, into the jurisdiction of the Wiltshire and Swindon Coroner. Under new arrangements, almost all singleton death inquests are now transferred to the Coroner nearest to the bereaved family, a move that has been welcomed by the majority of families. The Defence Inquests Unit provides all necessary briefing and support to Coroners, drawing upon the experience developed over the past few years. The timing of an inquest into the death of someone killed in an operation overseas

⁶ A typical 650 man Battalion will receive in the region of £30-£35K over the duration of a 6 month tour to look after families.

is a matter for the relevant Coroner and they have to take into account a number of factors, including the availability of the bereaved family and demands on the Coroner for other, non-military, inquests. Inevitably, the process takes time and although, it can still be a number of years between a fatality occurring and the conclusion of the inquest, for the majority of inquests this is no longer the case. By 31 March 2009, three quarters of inquests into deaths on operations since 2003 had been completed. In the remaining cases, investigations into the circumstances of the death were under way.

3.37 On 1 October 2008, under the Armed Forces Act 2006, the MOD introduced a harmonised Service inquiry system which replaces Boards of Inquiry. New provisions give the Services even greater powers to ensure effective, formal, internal investigations into matters of consequence are carried out. All three now convene formal inquiries on the same statutory basis, which has not been the case for Boards of Inquiry. Their purpose remains essentially the same: to look into the facts of anything which has occurred in connection with any of the Armed Forces and to make recommendations for the future. Where something has gone wrong, their main purpose is to identify what has gone wrong and to make recommendations to prevent it happening again. Coroners invariably await completion of MOD investigations – the Service police investigation, or the Board of Inquiry or Service Inquiry if one is held – before scheduling an inquest.

3.38 The UK Government has continued to work with the Scottish Executive to explore whether fatal accident inquiries, the nearest equivalent to inquests in Scotland, can take place into the deaths of Servicemen killed abroad whose families are based in Scotland, to avoid the need for those families having to make long journeys into England to hear inquests. On 17 March 2008 the Government tabled amendments to the Coroners and Justice Bill, which will have the effect of enabling Fatal Accident Inquiries to take place in Scotland into the deaths of Service personnel killed on operations overseas. Other improvements to the Coroner system contained in the Coroners and Justice Bill will lead to a better service for all bereaved families, including Service families. They include a charter for bereaved families, which set out the services they should receive from Coroners, and a new appeal system to which families will have access.

3.39 The MOD fully appreciates that families want to understand the events that led to the loss of their loved ones, and has placed a very high priority on supporting the families of those who have given their lives for their country. We seek to do everything possible to support bereaved

families before, during and after an inquest. In the majority of cases, legal representation is not necessary and it is quite appropriate for 'interested persons', including family members, to ask questions of witnesses without legal assistance. In certain inquests, MOD will engage legal representation, this includes cases where potentially complex issues may arise and MOD Counsel can assist the court in the relevant questioning of witnesses to help elicit a clear and full understanding of what took place. Legal aid can now be granted in inquests where it was not normally available, but only where there are exceptional circumstances. Published grounds help determine whether a case is exceptional and applications must be made to the Legal Services Commission (LSC). Only where the LSC considers that the exceptional criteria are met will the application be passed to the Ministry of Justice. No applications passed on by the LSC have been refused by the Ministry of Justice. Funding has recently been granted for a number of military families to be represented at the inquests into the death of their relatives in Iraq and Afghanistan.

3.40 During the year the department made improvements to the support provided to bereaved families. The number of family members who receive travel and accommodation expenses to attend pre-inquest hearings and to attend the full inquest has been increased from two family members to three. The allowances for funerals also increased. For a burial, the allowance was increased to between £2,311 and £2,873. For a cremation, the allowance was increased to between £2,280 and £2,811. The funeral expenses grant remained the same at £500.

Harmony

3.41 Each Service sets guidelines for the maximum time Service personnel should spend away from their families (known as individual separated service), and the minimum time individuals should have between operational deployments (known as tour intervals). These differ reflecting the specific nature of single Service requirements, ethos, expectation and the way they deploy on operations. They are based on the routine level of concurrency that the Armed Forces are resourced and structured to sustain. Since they have been operating at or above this level for several years this has inevitably constrained our ability to meet harmony guidelines, particularly for personnel in certain Pinch Point specialist trades required for almost every operation – these are monitored very carefully.

A crewman crouches at the rear of a Chinook CH47 as it passes over the Afghanistan landscape during Operation Herrick



- 10.3% of Army personnel were exceeding the guidelines of no more than 413 days separated service in any 30 month rolling period (which accounts for a 6 month tour and a 24 month tour interval).
- 5.9% of Royal Air Force personnel exceeding 280 days separated service over a 24-month rolling period (which accounts for a 4 month tour and 16 month tour interval). The Royal Air Force have adjusted the reporting period (previously 140 days in 12 months) to allow commanders greater flexibility in order to better balance exercise commitments and morale-enhancing deployed duties against periods of operational separation.

Career Satisfaction

3.42 Service personnel are frequently deployed away from their home base for a myriad of operational and non-operational reasons, which cause them to be separated from their family and friends. To take account of this, we record individual separated service based on 16 activities including: individual and collective training, employment and promotion courses, support to the civil community and duty. During 2007-08 the Joint Personnel Administration system collated separated service records for every individual on a consistent basis for the first time, although the system is still bedding-in for the Army and figures remain provisional. All three Services breached in 2008-09 their separated service guidelines to some degree.

- Less than 1% of Royal Navy personnel breached the guidelines of no more than 660 days separated service over a three year rolling period.

3.43 In 2007 new a single attitude survey was issued across the Armed Forces, known as the Armed Forces Continuous Attitude Survey (AFCAS). The aim of the survey is to assess and monitor the attitudes of all Service personnel. The 2008 survey was completed during August and October and we can now compare the results of the 2007 survey with those from 2008. The following table shows the main findings from the 2008 survey and indicates where there were statistically significant differences (1% level) between the 2007 and 2008 AFCAS results. For example (+4) indicates that the 2008 percentage was 4 percentage points greater than that obtained in 2007. The full results can be viewed at: <http://www.mod.uk/DefenceInternet/FreedomOfInformation/PublicationScheme/SearchPublicationScheme/ResultsForArmedForcesContinuousAttitudeSurveycas.htm>

Table 3.8 – Armed Forces Continuous Attitude Survey

Satisfaction and Morale										
How satisfied are you with [Service] life in general?										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Satisfied	64	49 (+5)	65 (+6)	45 (+6)	80	53	67	50 (+6)	59	47
% Dissatisfied	17	28 (-4)	16	31	9	26	17	26 (-5)	19	30
How satisfied are you with your job in general?										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Satisfied	71	56	69	57	69	47	71	55	73	57
% Dissatisfied	14	24 (-3)	15	23	15	34	14	23	14	24

How would you rate the level of morale of yourself?										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% High	48	40	46 (+8)	36	61	40	50	44	43	34
% Low	16	26 (-4)	17 (-5)	29	9	27	16	24 (-5)	17 (-5)	30
Commitment										
To what extent do you agree with the following? I feel proud to be in the [Service]										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Agree	92 (+2)	78 (+7)	86	69 (+7)	99	91	95	81 (+7)	91	75 (+6)
% Disagree	2	7 (-3)	4	12	0	3	1	6 (-4)	2	8
To what extent do you agree with the following? I feel valued in the [Service]										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Agree	37	27 (+3)	35	22	63	32 (-8)	41	31 (+5)	29	20 (+4)
% Disagree	31	44 (-3)	32	48	15	43 (+9)	28	40 (-6)	38	53
What are your plans for the future?										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Serve as long as I can	30 (+4)	35 (+6)	31	30 (+8)	28	30 (+6)	31	38 (+8)	26	32
% Serve to end of engagement/commission	34	26	31	28 (-4)	33	23	31	23	41	35
% Leave before end of engagement/commission	16	9	20	12	16 (-8)	15	17	7	13	11
% Leave as soon as I can	2	7	2	8	2	7	2	8	2	3
% Have put in notice to leave	3	5	3	5	3	4	3	5	2	4
% Don't know	16	17	12	17	18	21	17	18	15	15
Demands on the individual										
How would you rate your current workload?										
	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Too High	46 (+6)	34	43	31	40	34	50 (+12)	33	41	37
% About Right	49 (-5)	56	52	60	53	60	46 (-10)	57	52	50
% Too Low	5	10	6	9	6	6	3	10	6	13

How satisfied are you with the amount of separation from family and friends?

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Satisfied	31	20 (+3)	31	18	22	13	31	19 (+6)	32	25
% Dissatisfied	35	44	38	51	43	53	37	44 (-6)	31	35

How satisfied are you with the amount of time you have spent away from home, i.e. your home or usual place of residence, in the last 12 months for Service reasons?

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Satisfied	54	38	55	37	51	30	55	38	52	41
% Dissatisfied	15	26	18	32	17	34	14	26 (-5)	14	20

What is your view of the frequency of your operational tours/deployments?

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Too Often	27	35	15	24	33 (+11)	38 (+7)	29	34	26	38
% About Right	63	56	72	69 (+8)	57 (-11)	51	60	54	64	56
% Not Often Enough	11	10	12	7	9	11	11	11	10	6

What is your view of the length of your operational tours/deployments?

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Too Long	14	21 (-4)	9	22	17	35	15	21 (-5)	12	17
% About Right	82	76 (+4)	88	73	81	64	81	76 (+5)	83	80
% Not Long Enough	4 (+2)	3	3	5	2	2	4 (+3)	3	4	2

Remuneration

How satisfied are you with your rate of basic pay (basic pay includes X-factor but excludes Specialist Pay and any allowances)?

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
Satisfied	59	37	65	41 (+6)	55	24	56	35	60	42
% Dissatisfied	20	39	16	35	25 (-8)	61	22	40	20	35

Do you agree that this extra 14% in your salary (the X-Factor) is enough compensation for Service lifestyle, working conditions and expectations?

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Agree	24 (+6)	15	30 (+9)	15 (+3)	15	10	23	16	23 (+8)	13
% Disagree	61 (-9)	63 (-4)	51 (-12)	61 (-9)	72 (-8)	74	64 (-6)	60	61 (-12)	70

Service Accommodation

If you live in Service Accommodation of any type (including ships & boats for RN/RM) how satisfied are you with the overall standard of your current accommodation? (Comparisons with 2007 results were not possible for this question owing to changes in wording.)

	Tri-Service		Royal Navy		Royal Marines		Army		RAF	
	Officers	Other Ranks	Officers	Ratings	Officers	Other Ranks	Officers	Soldiers	Officers	Airmen
% Satisfied	57	48	64	50	56	45	56	48	53	48
% Dissatisfied	31	37	22	32	36	43	32	38	33	37

Duty of Care and Welfare

3.44 Training for those joining the Armed Forces is challenging and demanding. For it to be effective, it is important to meet trainee's individual learning needs and at the same time support their care and welfare requirements. Following-up on the improvements made in recent years to reduce the risk, work this year has focussed on ensuring that the changes made have been sustained. The Directorate of Individual Training Capability (DITC) visited 25 training establishments to evaluate how well policies covering the care and welfare provision and the training needs of recruits and trainees are being implemented. The output from visits is shared and gives all training units and Headquarters access to the findings which contain examples of good practice and areas for development.

3.45 An example of DITC work carried out during the year was an evaluation of the Defence Train the Trainer course which is designed to ensure that instructors are fully prepared not only to provide instruction to recruits and trainees, but also to understand how best to support their care and welfare needs. The evaluation shows that because of the level of operational commitments some instructors are still unable to undertake the training in advance of taking up an appointment in a training unit. This will be rectified as soon as possible. Overall the course is well received and highly regarded by attendees who believe that it adequately prepares them for their role as instructors. Moreover, evidence suggests it provides a thought provoking and valuable opportunity to adjust to the training environment particularly following an operational deployment.

3.46 In addition, an Ofsted inspection of the care and welfare provision is underway. Ofsted teams have visited a number of Armed Forces Recruitment Offices, Acquaint and Selection Centres as well as training establishments to confirm the overall effectiveness of care and welfare and to assess how well training units are able to identify their own strengths and areas for improvement. The combined output from the DITC team and Ofsted inspection support the Armed Forces desire to continue to improve the environment in which training is delivered.

Service Complaints Commissioner

3.47 The Service Complaints Commissioner, published her first Annual Report⁷ in March 2009 on the fairness, effectiveness and efficiency of the Service complaints process for 2008. The report commends the three Services for their commitment to tackling all forms of unacceptable behaviour and ensuring that Service men and women are treated well. The Commissioner has reported that the new complaints system, which was introduced in January

2008, is well designed and is working but that there is scope for improvement. The MOD continues working with the Commissioner to ensure the complaints process works well.

Service Personnel Command Paper

On 17 July 2008, the Government published "The Nation's Commitment: Cross-Government Support to our Armed Forces, their Families and Veterans", (Cm 7424) containing over 40 new commitments aimed at ending any disadvantage imposed by the unique demands of Service life today and providing special treatment where appropriate. It is the first ever cross-Government strategy to improve the level of support given to the Service community and is the product of extensive consultation across Government, the Devolved Administrations, Local Authorities and wide ranging public engagement, including all ranks, arms and Services.

The delivery of public services is a cross-Government responsibility and the Service Personnel Command Paper provides steps to ensure that despite the mobile nature of Service life, Armed Forces personnel and their families are able to access the same healthcare, education and welfare services that their civilian neighbours are able to access.

Since last July, Government Departments and the Devolved Administrations have been working to deliver on their commitments. The Government has doubled the maximum lump sum payment under the Armed Forces Compensation Scheme (AFCS) to £570,000 and all payments will be complete by April. Injured personnel are now able to access grants up to £30,000 to adapt their homes without having their AFCS or War Pension Scheme payments taken into account. The seriously injured are now entitled to privileged access to affordable homes schemes in England. Service leavers also now carry their priority status with them up to 12 months after leaving the Armed Forces in England and Scotland. Service dependants can retain their place on an NHS waiting list when they move to a new Primary Care Trust area. Partners and spouses of Armed Forces personnel now have early access to the New Deal. Service children now have special access to State boarding school places, with provision for children of those killed or injured in action. Partners and spouses of Foreign and Commonwealth personnel can now apply for settlement providing their serving spouse, civil partner, unmarried or same-sex partner has completed at least five years continuous service. Government Departments that have been involved in the Command Paper have appointed senior civil servants to champion the Armed Forces in their parent Government Department.

⁷ Copies can be found at: <http://armedforcescomplaints.independent.gov.uk/newsandpublications.htm>

The Command Paper External Reference Group, chaired by the Cabinet Office, will deliver its first report on progress to the Prime Minister and the Secretary of State for Defence in the Autumn of 2009.

Reserve Forces

3.48 The recently endorsed strategic intent for the Reserves is a part-time professional force, underpinned by a strong volunteer ethos, reflecting the Government's desire to encourage volunteering in the UK. Its primary role is to provide additional capability for worst case, large scale, operational requirements when Regular forces are committed at maximum effort. Secondary roles are necessary augmentation (supplementing Regular forces to increase the sustainability of smaller but longer lasting operations) and support to national resilience (improving our ability to respond to contingencies at home). In addition to the Volunteer Reserve, some 200,000 other individuals have some form of Reserve liability due to previous regular service. The Reserves, in comparison to the Regular forces, are often more able to connect to the nation, by virtue of being better placed to interact with, integrate and influence the community in which, in their civilian lives, they live and work.

Members of the Tri services Reserve Forces



3.49 The operational utility of the Reserve forces has again been borne out in the past year as illustrated by some 950 Volunteer and Regular Reserve personnel serving in operational areas, including: Iraq (200 personnel); Afghanistan (560 personnel); UNFICYP in Cyprus (138 personnel); the Balkans (19 personnel); and a small number in support of the Government's counter-terrorist objectives. The military contribution provided, comes from each of the three Services and provides force protection units, individual augmentees, logisticians, medics and specialists.

3.50 The Full Time Reserve Service (FTRS) commitment was established in 1998 and enables both volunteer reserves and regular reserves to enter into full-time service with varying levels of commitment, ranging from home (UK only) to full deployability worldwide. Most posts are in the UK, but some FTRS personnel have served on operations. On average there were some 1,900 personnel serving in an FTRS commitment during 2008-09. In addition, on average some 30 members of the Sponsored Reserves are deployed in operational areas at any one time, providing specialised capabilities. Their contribution ranged from the provision of meteorological information, to aircraft maintenance and heavy equipment transporter drivers.

3.51 The continuing use of Reserves requires a sufficient supply of Reservists. The MOD and each of the Services are therefore undertaking major efforts to increase levels of recruitment and retention in the Reserve forces. A breakdown of the current strengths of the Reserve forces is shown in Table 3.9.

Table 3.9 – Reserve Forces at April 2009

	Royal Marine Reserve	Royal Navy Reserve	Territorial Army	Royal Auxiliary Air Force	Total
Establishment	970	2286	38500	2002	43758
Strength / Manning	868	2021	28790	1429	33108
Trained Strength	525	1504	19300	878	22207
Trained Strength Requirement	582	1784	30274	2002	34642
Strength as a % of Establishment	89.5%	88.4%	74.8%	71.4%	75.7%
Trained Strength as a % of Strength	60.5%	74.4%	67.0%	61.4%	67.1%
Trained Strength as a % of Establishment	54.1%	65.8%	50.1%	43.9%	50.7%
Trained Strength as a % of Requirement	90.2%	84.3%	63.8%	43.9%	64.1%

Notes:

1. TA Establishment figure excludes all 3500 University Officer Training Corp
2. TA Strength figure excludes Gp B, University Officer Training Corp, Full Time Reserve Service, Sponsored Reserve and Non Regular Permanent Staff
3. RMR personnel only join the trained strength on completion of the Commando Course and Continuation Training
4. Trained Strength is successful completion of Phase 2 Training
5. Not DASA statistics
6. Due to ongoing validation of data from the Joint Personnel Administration System, all Army Reserve statistics are provisional and subject to review

Strategic Review of Reserve Forces

3.52 In April 2009 the Government announced the conclusions of its year long strategic review of the Reserves; the strategic intent and roles of the Reserves, in paragraph 3.48 above, was extracted from the review's report. The review reflected the MOD's vision for Reserve forces as an increasingly integral part of Defence capability. Its aim was to ensure that the Reserve forces meet the needs of Defence now and into the future. The review was fully supported by the three heads of the Armed Forces. It was conducted in an open and transparent manner, seeking opinions from across the Defence community and beyond. The review was not a cost cutting exercise although it rightly needed to consider value for money. It made seven strategic recommendations which were endorsed by the Government. There were 89 underpinning recommendations of which 42 will be taken forward for implementation; the remaining 47 remaining subject to further consideration and resourcing.

Defence in the Community

Young People: Cadets

Cadets on an assault course



3.53 For many communities the local Reserves or cadet centre remains their only link to the Armed Forces. The review of the Reserves recognised that taken together these represent an important footprint within the community and, accordingly, 'connecting with the nation' is a newly endorsed role of the Reserves. Our flagship contribution to the Government's youth agenda are the MOD sponsored Cadet Forces (Combined Cadet Force (CCF), Sea Cadet Corps (SCC), Army Cadet Force (ACF) and Air Training Corps (ATC)). They continue to thrive. With a membership of some 130,000 cadets supported by 26,000 adult volunteers in more than 3,000 towns and cities the Cadet Forces remain one of the biggest uniformed youth organisations in the country. They make a significant contribution

both to local communities in which they are located and to the personal development of our nation's youth. The six new pilot CCF contingents, set up in September 2007 are progressing well. The success of the MOD's Cadet Forces is based on the expertise, enthusiasm and dedication of the adult volunteers who devote a huge amount of time and energy to running cadet programmes that are both challenging and appealing to young people.

3.54 The Cadet Forces offer a huge range of development opportunities to our young people to help them meet life's challenges and realise their potential. The Cadet Forces remain the largest operating authority for the Duke of Edinburgh award, and Cadet membership giving young people the opportunity to gain many nationally recognised qualifications. The Cadet Force Vocational Qualifications Organisation (CVQO) provides opportunities for cadets to gain educational achievements equivalent to both GCSEs and A-Levels. Since 2002 over 17,000 cadets have gained a BTEC First Diploma in at least one of Public Services, Music and/or Engineering. Each are equivalent to four GCSEs at A* – C. Through an innovative expansion programme, the BTEC Higher Diploma, which is equivalent to up to three A-Levels, is being trialled in three separate schools, two of which are State and one independent. One of the State schools does not have a Combined Cadet Force but uses students from local cadet units, whereby their cadet activities help to contribute towards the qualification.

3.55 MOD supports other youth organisations and projects. These include the Outreach project, an early-intervention programme specifically designed for crime-vulnerable 12 -14 year olds and run in conjunction with local schools, police forces and community groups. Outreach, delivered voluntarily by the Army Cadet Force, is externally funded by charitable or commercial donations, and managed by the Army Cadet Force Association. It provides adventurous training and challenging activities using Army loaned facilities and equipment seeking to build confidence and raise self-esteem. In 2008, 20 counties ran 27 projects from which 645 participants completed the projects. For 2009-10, 26 counties have submitted bids to offer 1,231 places.

3.56 The Armed Forces continue to support the Prince's Trust charity. Through practical support, they help 14-30 year olds realise their potential and transform their lives, focussing on those who are at-risk of being crime vulnerable. In 2008, the MOD supported 120 Prince's Trust personal development programmes for young people across the UK with MOD staff acting as leaders and mentors. The MOD also support 'Druidstone', a unique two week

personal development camp at a coastal estate in Wales for the hardest to reach pupils drawn from five participating schools; and 'Team', a national 12 week personal development programme that engages disadvantaged young people aged 16-25 and equips them to find employment.

3.57 Skill Force is a charity with close links to the MOD which runs an early-intervention scheme within schools using the talents of former Service personnel and others to deliver inspirational and motivational activities to young people. Skill Force's core activities are targeted at 14-16 year olds who respond more positively to programmes centred on activity based team building, problem solving, and raising self-esteem through the teaching of initiatives such as the Duke of Edinburgh's Award Scheme. The programme has produced dramatic improvements in individuals' personal development and confidence, with those completing the programme entering further education and achieving credible employment. Truancy, exclusions and petty misdemeanours in the community have been significantly reduced. Skill Force has been involved with over 250 schools and 24 local authorities, using the equivalent of 40 (five man) teams, and has influenced over 30,000 young people to date. At present they deal with almost 10,000 young people a year, and their vision is to treble this number over the next three years.

3.58 Defence Dynamics is a free online teaching resource from MOD, working in association with Department for Children, Schools and Families, QCA and devolved Government Education Departments. Over 70 lesson plans across eight core subjects, including maths, science, english, geography and PSHE/PSD materials, are offered to support teachers in the delivery of lessons to 14-16 year olds on the website⁸. Multimedia supports all the lessons, bringing to life core topic areas whilst supporting applied learning. The content is continuously refreshed with all the learning resources drawing on compelling examples of MOD work in the UK and internationally. There are currently 7,000 teachers registered with the site.

Equality and Diversity

3.59 The MOD aims for a workforce that is drawn from the breadth of society that it defends; gains strength from that society's range of knowledge, experience and talent; and, welcomes, respects and values the unique contribution of every individual. Diversity is core business for the MOD. An Equality and Diversity Scheme and Action Plan covering the period from 1 April 2008 to 31 March 2011 has been

published, copies of which are available from the MOD website⁹.

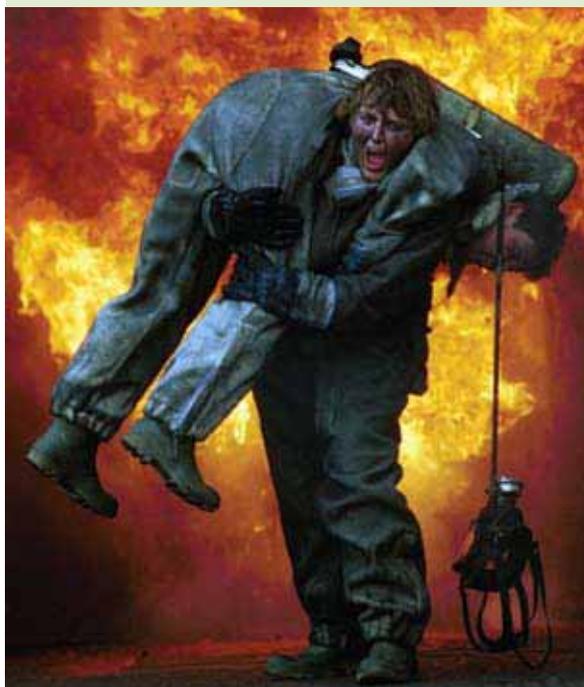
Women in the Armed Forces



Armed Forces

3.60 As at 1 April 2009, women comprised 9.5% of the UK's Regular Armed Forces' by Service, the RAF has the highest percentage of female personnel (13.5%), followed by the Naval Service (9.6%) and the Army (7.8%).

A Naval rating carries a colleague during a training exercise



⁸ www.defencedynamics.mod.uk

⁹ www.mod.uk

Table 3.10 – Women in the Armed Forces as at 1 April 2009

Royal Navy / Royal Marines / Army / Royal Air Force	Total	%	Naval Service	%	Army	%	Royal Air Force	%
Commodore/Brigadier / Brigadier / Air Commodore	4 ^P	0.8 ^P	- ^P	- ^P	1 ^P	0.4 ^P	3 ^P	2.4 ^P
Captain(RN) / Colonel / Colonel / Group Captain	41 ^P	3.4 ^P	2 ^P	0.7 ^P	22 ^P	3.7 ^P	17 ^P	5.1 ^P
Commander / Lt Colonel / Lt Colonel / Wing Commander	220 ^P	5.3 ^P	35 ^P	3.2 ^P	98 ^P	5.6 ^P	83 ^P	6.9 ^P
Lt Commander / Major / Major / Squadron Leader	980 ^P	10.3 ^P	190 ^P	8.2 ^P	470 ^P	9.9 ^P	330 ^P	12.8 ^P
Lieutenant / Captain / Captain / Flight Lieutenant	1,790 ^P	15.2 ^P	390 ^P	13.2 ^P	660 ^P	13.9 ^P	740 ^P	18.4 ^P
Sub Lieutenant / Midshipman / Lieutenant & 2nd Lieutenant / Lieutenant & 2nd Lieutenant / Officer Designate/ Flying & Pilot Officer / Officer Designate	790 ^P	17.3 ^P	100 ^P	15.5 ^P	380 ^P	15.4 ^P	310 ^P	21.0 ^P
Total Officers	3,830^P	12.1^P	720^P	9.7^P	1,620^P	11.2^P	1,490	15.2
Warrant Officer Class 1 / Warrant Officer Class 1 / Warrant Officer Class 1 / Warrant Officer	140 ^P	3.7 ^P	24 ^P	3.1 ^P	81 ^P	4.7 ^P	32 ^P	2.7 ^P
Warrant Officer Class 2 / Warrant Officer Class 2 / Warrant Officer Class 2	230 ^P	4.2 ^P	1 ^P	0.1 ^P	230 ^P	4.8 ^P	*	*
Chief Petty Officer / Colour Sergeant / Staff Sergeant / Flight Sergeant / Chief Technician	650 ^P	4.9 ^P	170 ^P	4.1 ^P	350 ^P	5.9 ^P	130 ^P	4.1 ^P
Petty Officer / Sergeant / Sergeant / Sergeant	1,820 ^P	8.7 ^P	350 ^P	7.6 ^P	820 ^P	8.0 ^P	660 ^P	10.6 ^P
Leading Rate / Corporal / Corporal / Corporal	3,470 ^P	11.7 ^P	690 ^P	11.0 ^P	1,470 ^P	9.9 ^P	1,310 ^P	15.5 ^P
Lance Corporal	1,410 ^P	8.6 ^P	- ^P	- ^P	1,410 ^P	8.9 ^P	*	*
Able Rating / Marine / Private / Junior Private / Junior Technician / Leading & Senior Aircraftman / Aircraftman ¹⁷	6,300 ^P	9.4 ^P	1,720 ^P	12.3 ^P	2,340 ^P	6.0 ^P	2,240 ^P	15.3 ^P
Total Other Ranks	14,020^P	8.9^P	2,950^P	9.5^P	6,700^P	7.3^P	4,380^P	13.0^P
Grand Total	17,850^P	9.5^P	3,660^P	9.6^P	8,320^P	7.8^P	5,870^P	13.5^P

DASA (Quad-Service)

Notes

1. Due to ongoing validation of data from the Joint Personnel Administration System, Army statistics from 1 April 2007, and Naval Service and RAF statistics from 1st May 2007 are provisional (p) and subject to review.
2. Due to the rounding methods used, figures may not always equal the sum of the parts. When rounding to the nearest 10, numbers ending in 5 have been rounded to the nearest multiple of 20 to prevent systematic bias.
3. Figures less than 100 have been left unrounded so as not to obscure the data.
4. Percentages have been calculated from unrounded figures.
5. p denotes provisional. Due to ongoing validation of data from JPA some data is provisional. This means that the data is sufficiently accurate to be published but that further validation may lead to small revisions that should not materially affect the information presented.
6. The ranks Sub Lieutenant/Lieutenant & 2nd Lieutenant/Lieutenant & 2nd Lieutenant/Flying & Pilot Officer also include Midshipman/Officer Designate/Officer Designate.
7. - denotes zero.
8. * denotes not applicable.

3.61 Women are encouraged to join through recruitment campaigns which raise awareness of the benefits of a career in the Armed Forces and allay fears about life in the Services. Women are being encouraged to consider branches and trades (particularly technical specialisations) where they are traditionally under-represented. The majority of roles are open to women, except for ground close-combat roles, where the primary duty is to close with the enemy, submarine service and mine clearance diving.

Crew of HMS Invincible



3.62 The Armed Forces aim is to reach 8% ethnic minority representation by 2013 (broadly in line with ethnic minority representation in UK society). Ethnic minority representation in the Armed Forces has risen substantially in recent years from just over 1% in 1999 to a provisional figure of 6.5% as at 1 April 2009. The achievements in promoting racial equality were recognised when all three Services finished in the top ten in Race for Opportunity's annual benchmarking report. The Army was judged to be the top public sector performer for its race-related policies and practices for the sixth consecutive year and achieved fifth place nationally for both public and private sector organisations.

Sexual Orientation

3.63 Sexual orientation is regarded as a private life matter and the Services do not ask about, or record, details about an individual's sexual orientation. Recruitment strategies encourage lesbian, gay and bisexual people to consider a career in the Armed Forces. Uniformed representatives from all three Services took part in a parade as part of the London Pride event in July 2008. In January 2009 a tri-Service policy for the recruitment and management of transsexual personnel was published to provide guidance and information about transsexualism and gender reassignment.

Religion

3.64 The Armed Forces place a great deal of importance on the spiritual development of Service personnel and encourage people from all faiths to practise their religious observances where operational, occupational and health and safety considerations allow. Armed Forces personnel are normally allowed to celebrate religious festivals and holidays and to fast and pray in circumstances where this does not jeopardise operational effectiveness or health and safety. Where practical, areas of worship are made available and, in most circumstances, arrangements can be made for daily prayer. The Armed Forces recognise the need to observe specific codes of dress in accordance with particular religious beliefs and aim to cater for the religious dietary requirements of all Service personnel. Halal, kosher and vegetarian meals can be provided by Service messes and are available in Operational Ration Packs for operations and exercises. The Armed Forces have also appointed religious advisers from the Buddhist, Hindu, Jewish Muslim and Sikh faiths to provide guidance to the MOD on matters of religious requirements.

Table 3.11 – UK Regular Forces ethnic minority representation

	01 April 2009	01 April 2008	01 April 2007	01 April 2006	01 April 2005
Naval Service	3.3% ^{18P}	3.1% ^P	2.7%	2.6%	2.5%
Army ¹⁹	9.4% ^P	8.8% ^P	8.4% ^P	8.0%	7.6%
RAF	2.2% ^P	2.2% ^P	2.3%	2.4%	2.5%
Armed Forces	6.5%^P	6.1%^P	5.8%^P	5.5%	5.3%

DASA (Quad-Service)

Notes

1. UK Regular Forces includes Nursing services and excludes Full Time Reserve Service personnel, Gurkhas, the Home Service battalions of the Royal Irish Regiment and mobilised reservists. It includes trained and untrained personnel.
2. Ethnic minorities are calculated as a percentage of those personnel for whom we hold a record of ethnic origin, i.e. excluding those of unspecified ethnic origin.
3. Due to ongoing validation of data from the Joint Personnel Administration System, Army statistics from 1 April 2007, and Naval Service and RAF statistics from 1st May 2007 are provisional (p) and subject to review.
4. Original Army figures published in 2007 MOD Annual Report and Accounts were as at 1 March 2007.

Disability and Age

3.65 The Armed Forces are exempt from the employment provisions of the Disability Discrimination Act 1995 (DDA) because all personnel need to be combat effective in order to meet a world-wide liability to deploy. We demonstrate a willingness to follow the spirit of disability legislation by recruiting people who have some degree of impairment but who can nevertheless meet the Services' medical employment standards and by retaining a significant number of personnel who have become disabled in the course of their duties. The Armed Forces are also exempt from the provisions of the Employment Equality (Age) Regulations 2006.

Veterans: Support for former Service Personnel

3.66 Life in the Armed Forces is rewarding. It is also characterised by willing acceptance of the need for selfless duty (often involving dangerous operations that can result in terrible personal sacrifice) and acceptance of restrictions on lifestyle. These conditions apply not only to those in uniform, but also to their families and to the many veterans who live with the consequences of their service. Government has a moral obligation, on behalf of the nation, to honour its responsibility towards its Armed Forces. The essential starting point is that those who serve must not be disadvantaged by virtue of what they do – and this will sometimes call for degrees of special treatment.

Transition from Service to Civilian Life

3.67 Effective resettlement provision remains a key element of personnel support and evidence of the Armed Forces' commitment to be an employer of first choice. All personnel leaving the Armed Forces are provided with assistance to make the transition from military to civilian life. The level of support provided depends upon length of military service and circumstances of discharge and is based on a comprehensive resettlement package provided through a Career Transition Partnership with Right Management a specialist outplacement career consultancy. The latest figures available, covering discharges from April 2007 to March 2008 show that some 96% of Service leavers using the Partnership's services and wanting to work, secured employment within six months of exit. In the region of 13,300 Service leavers registered with the Partnership in 2008-09.

3.68 One of the major recommendations of the National Audit Office (NAO) July 2007 report on *Leaving the Services* was improving the quality

of first line resettlement support in the Army. To this end, and after an extensive review, a training package aimed at improving the quality of Army first line resettlement support is now being trialled. For vulnerable early service leavers, a pilot mentoring scheme at Catterick Garrison to provide 'light touch' mentoring, develop coping skills and facilitate the transition to civilian life is ongoing. Resettlement provision to early service leavers has been enhanced, including facilitating access to the Royal British Legion's 'Civvy Street' electronic portal and the direct engagement of the Regular Forces Employment Association who employ specialist employment consultants to assist early service leavers into employment.

Recognition and Status of Veterans in Society

3.69 The key principle of recognition is that veterans' contributions, both past and present, should continue to be valued. To this end the Government instituted an annual Veterans Day in 2006. By the end of 2008 the department had provided over £1,000,000 in grants to support three years of Veterans Day events across the UK, and sustained its support for a range of projects to raise intergenerational awareness. The Duchess of Cornwall was the first member of the royal family to attend a Veterans Day event, attending the 2008 national event in Blackpool. Following the publication of the Report of Inquiry into National Recognition of our Armed Forces in October 2008 it was decided that Veterans Day should evolve into Armed Forces Day.

James Blunt raising public awareness and honouring the Armed Forces – past, present and future



3.70 This will be a wider celebration that reflects the Armed Forces family of serving personnel (both regular and reserve), veterans and the cadet forces. It will provide an occasion during which the whole nation has the opportunity to show their appreciation for the contribution made to society by all those who serve, and have served, in Her Majesty's Armed Forces through a wide range of community-led events taking place in towns and cities around the country. To provide a focus for national recognition, the MOD will support a UK national event and has selected Chatham Historic Dockyard to be the host for the 2009 event as it offers the best prospect for meeting the requirements.

3.71 It is important that the nation recognises the contribution made by members of the Armed Forces in the past, and that we remember particular campaigns and the sacrifices made. A number of events took place during the year. In May 2008 the end of the UK's operations in Bosnia and Herzegovina was marked when veterans of these operations, many still serving, gathered at the Armed Forces Memorial at the National Memorial Arboretum in Staffordshire. This was followed in June by a pageant on Horse Guards Parade which marked the 100th Anniversary of the Territorial Army. A service of Thanksgiving and march past of veterans at St Paul's Cathedral was held in September to mark the end of Operation BANNER in Northern Ireland. A new Conflict Memorial was dedicated at Westminster Abbey in late October, followed by a reception hosted by the House of Lords for Service personnel recently returned from Iraq and Afghanistan. Finally, the ninetieth anniversary of The Great War Armistice on 11 November was remembered at The Cenotaph, in the presence of Her Royal Highness The Duchess of Gloucester, The Prime Minister, members of the Cabinet, and – at the time – the three remaining veterans of the Great War.

3.72 Her Majesty's Armed Forces Veterans Badge promotes recognition and awareness of veterans. A modified version was produced for members of the Merchant Navy who served in vessels facilitating military operations. Since January 2008 all those who have served are eligible for these badges, along with widows and widowers of those who died of illness or injury attributable to their Service. Over 700,000 badges had been issued by 27 March 2009. Over 10,000 Arctic Emblems have been issued to veterans of the Arctic Convoys and other service north of the Arctic Circle since its introduction in October 2006.

Provision of Support to Veterans Who Need It

3.73 The Service Personnel and Veterans Agency (SPVA) now provides a single point of contact for the whole range of services, allowing a more seamless transition on leaving the Services. This has improved the service provided to both Veterans and serving members of the Armed Forces. The "Veterans UK" service provides a 'one stop' point of advice and contact for all the support services designed specifically for veterans, simplifying the service provided to veterans and their families and making help more easily accessible.

Veteran's Badges are issued to all former Service personnel



3.74 The MOD continued to work with other Government departments, charities and the private sector to provide a joined up approach to address ex-Service homelessness and social exclusion, reflecting the often complex personal problems involved. Research commissioned by the Ex-Service Action Group indicates there has been a significant reduction from 22% in 1997 to around 6% in the proportion of the homeless population in London who have a Service background. Following on from the success of Mike Jackson House in Aldershot in providing supported accommodation and training, work is underway to develop a facility in Catterick. Detailed discussions were held with the Ministry of Justice to make a reliable determination of the proportion of Armed Forces veterans within the prison population of England and Wales and the research should be completed by the end of 2009.

Veterans Health Issues

3.75 The MOD has a continuing duty of care to veterans suffering ill health caused by their military service. We therefore support a wide range of research into veterans' health issues. Since 1948 Government policy has been that health care for veterans should be delivered by the NHS. The MOD continued to provide information for veterans on what to expect and where to go for assistance from the NHS, and to work with Chief Medical Officers and the Royal Colleges to raise the awareness of civilian health professionals about specific veterans' matters. Officials from the four UK Health Departments, MOD and Combat Stress, advised by national clinical experts have been working to develop a new NHS led community based veterans' pilot scheme. Six community-based mental health pilots have been launched providing expert assessment and treatment at Stafford, Camden and Islington, Cardiff, Bishop Auckland, Plymouth and Scotland. Following independent evaluation, the intention is to roll the model out nationwide. To cover the interim period, prior to roll out, we announced the expansion of our Medical Assessment Programme (MAP) based at St Thomas' Hospital, London. The MAP was originally established in 1993 for veterans of the 1990-91 Gulf Conflict, and extended in June 2007 to any veteran with mental health problems who has had operational service since 1982.

Head of the Medical Assessment Programme at St Thomas's Hospital, London



3.76 The Medical Research Council (MRC) provides independent expert advice on our research programme into the ill-health reported by some veterans of the 1990-91 Gulf Conflict. The MRC recommended that research on ways to improve the long-term health of Gulf veterans with persistent symptoms should take priority. A contract to support chronically ill Gulf veterans was awarded during 2008 and the work is now underway. Regular publication of 1990-91 Gulf mortality data continues to show that Gulf veterans do not suffer an excess mortality compared with a control group of personnel that did not deploy.

3.77 In the light of the health problems experienced by some veterans of the 1990-91 Gulf Conflict, the MOD has been monitoring health and social outcomes for those deployed on our major operations in Afghanistan and Iraq. The second three year phase of research by the King's Centre for Military Health Research began in 2006 and by early 2009 more than 52% of some 20,000 serving and former personnel had returned completed questionnaires. By March 2009 twenty two scientific papers had been published in the mainstream peer reviewed scientific literature. No major health problems have been found so far, although in 2006 we introduced a Reserves Mental Health Programme to address a higher level of mental illness detected among deployed Reservists in the first phase of the study.

3.78 A study by the Centre for Suicide Prevention, Manchester University, which followed up leaver-cohorts from 1996 to 2005, comparing their suicide rates with the age-matched general population, was published in March 2009. The findings of a separate study by University College London on war pensioners, looking at the concept and characteristics of delayed onset Post Traumatic Stress Disorder, are expected to be published later in 2009. Both these studies were initiated by the MOD to address issues of possible concern for the veteran population.

3.79 In early 2008, we resolved by mediation the claim made in 2007 on behalf of veterans for alleged illnesses arising from non-therapeutic human experimentation conducted at Porton Down. The MOD agreed to pay a global settlement of £3M to 360 veterans and to make an apology through a written statement in Parliament. The majority of claims related to experiments involving nerve gas, mustard gas, or riot control agents. The trials were in many cases conducted under considerable pressures of time as new threats emerged. The Government accept that there were aspects of the trials where there may have been shortcomings and where, in particular, the life or health of participants

may have been put at risk. The MOD also decided that it would consider any additional meritorious claims that were made on or before 30 June 2008; after that date, the MOD reserved the right to plead a defence based on the provisions of the Limitation Act 1980. In the event, 470 additional claims were made before 30 June, and these are now being carefully considered.

3.80 The findings of the independent epidemiological study into mortality and cancer incidence among Porton Down veterans were published in the British Medical Journal in March 2009. They showed that overall cancer rates were the same in Porton Down and non-Porton Down veterans. Mortality was 6% higher among the Porton Down veterans, but this could not be attributed to participation in the testing programme.

War Pensions

3.81 Under the War Pensions Scheme the Service Personnel and Veterans Agency made payments of some £1 billion to some 157,125 war pensioners and 32,790 war widows during 2008-09 for death and disablement arising out of service in the Armed Forces prior to 6 April 2005. The number of war pensions paid continues to decline by about 5% each year, although the cases become more complex as the average age of recipients increase. The Veterans Welfare Service operating across the UK and Republic of Ireland, also provides direct welfare support to war pensioners and war widows under the War Pensions and Armed Forces Compensation Schemes.

Armed Forces Pension Scheme

3.82 The Armed Forces Pension Scheme continues to provide accurate, timely and monthly payments to some 400,000 pensioners. Additionally, the scheme maintains pension records on some 370,000 preserved pensioners, and links with Joint Personnel Administration to consider the pension liability in respect of current Service personnel who have or may accrue pension benefit. In 2008-09 a large number of pensioners across public sector pension schemes were identified as being affected by an overpayment of pension. The overpayment was due to the misapplication of Guaranteed Minimum Pension increases once state retirement age had been reached. 2% (4,360 pensioners) of the Armed Forces Pension Scheme pensioners were affected and the total overpayment is currently estimated at £10.7M (out of an annual pension spend of £3.18bn). The overpayment resulting from this error is being written off. All the ongoing payments of the pensions affected will be corrected with effect from 1 April 2009.

Armed Forces Compensation Scheme

3.83 In addition to the War Pensions Scheme, SPVA is also responsible for the administration of the Armed Forces Compensation Scheme (AFCS) which covers injury, illness and death that are caused by service on or after 6 April 2005. During 2008-09, SPVA made 4,628 payments under this scheme totalling £30.2M. This total includes 2,583 payments totalling £11.8M made as a result of legislation to increase the level of compensation per tariff, detailed within the Service Personnel Command Paper, and £3M in Guaranteed Income Payments for the most seriously injured personnel, for which there were 258 recipients.

Gurkha Pensions

3.84 Last year's Annual Report noted the successful conclusion of the Gurkha 'Offer to Transfer' Project and some 354 former Gurkhas, widows and dependents were paid AFPS benefits by the end of December 2008 as planned.

A Rifleman from 2 Royal Gurkha Rifles directing traffic in one of Kabul's back streets in Afghanistan



Civilian Workforce – Sufficient

Staff Numbers

3.85 The MOD's civilian workforce continues changing in structure, size and type. Two major programmes began in 2008 and are currently in progress. In Head Office, London, there is "Streamlining" and a reduction in Defence Equipment and Support, mainly in Bristol, entitled "PACE" (details of both can be found in Sections E – Finance and Value for Money and N – Change). Given these, the challenge of managing the workforce supply and demand is of greater magnitude, urgency and complexity than ever before.

A team using one of the meeting rooms in the MOD Main Building in London



Civilian Recruitment and Turnover

3.86 Recruitment again has been limited due to the ongoing major re-structuring and downsizing of the MOD, but when we can, we recruit civilian staff externally from a variety of sources. Resignation rates are low in the skills areas where there are most shortages, although, as with the population generally, the demographic trend is that employees

are in the older age range and refreshment rates are a concern in some areas. In general, the MOD recruits the staff it needs and managers are satisfied with the calibre of staff recruited through our policy of fair and open competition although we do sometimes have to use temporary staff, for example to manage reductions and unit closures, or to meet specialist skills shortages. We gave a commitment, in the last Annual Report, to provide details of the advertising costs for civilian recruitment. For the year ending 31 March 2009 the MOD spent £325,000 on advertising associated with the recruitment of civilian staff.

3.87 The MOD's recruitment figures for 2008-09 are at Table 3.12 below and include figures for permanent and temporary (casual) recruitment.

3.88 In accordance with our obligations to the Civil Service Commission on recruitment Table 3.13 below show the use of permitted exceptions in 2008-09 to the principles of fair and open competition and selection on merit. This data has been collated separately and does not include figures for temporary (casual) recruitment.

Table 3.12 – Civilian Recruitment in 2008-09

Civilian Recruitment	2006-07		2007-08		2008-09	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Total number of staff recruited	2,860	1,070	2,470	1,120	2,750	750
Number and percentage of women recruited	1,250 (43.7%)	250 (23.7%)	1,140 (46.0%)	220 (19.5%)	1,330 (48.3%)	180 (23.5%)
Number and percentage of ethnic minorities recruited	120 (6.5%)	30 (4.2%)	90 (5.5%)	20 (3.7%)	100 (4.7%)	10 (2.2%)
Number and percentage of people with disabilities recruited	10 (0.4%)	-	10 (0.6%)	-	40 (1.5%)	-

Notes:

1. Data supplied by DASA, recruitment data based on personnel directly recruited by the Department or through the CAPITA (RAS).
2. The recruitment statistics shown are for all permanent and casual civilian personnel including Trading Fund staff. No recruitment information is available for Royal Fleet Auxiliary or locally Engaged Civilian personnel.
3. Percentage of staff recruitment is based on known declarations of ethnicity and excludes staff with unknown or undeclared ethnicity.
4. Percentage of staff recruitment is based on known declarations of disability status and excludes staff with unknown or undeclared disability status.
5. All figures are on a Full Time Equivalent basis.
6. All figures have been rounded to meet Freedom of Information requirements and protect confidentiality.

Table 3.13 – Civilian Recruitment exceptions

Civilian Recruitment	2006-07		2007-08		2008-09	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Total number of staff recruited	2,860	1,070	2,470	1,120	2,750	750
Number and percentage of women recruited	1,250 (43.7%)	250 (23.7%)	1,140 (46.0%)	220 (19.5%)	1,330 (48.3%)	180 (23.5%)
Number and percentage of ethnic minorities recruited	120 (6.5%)	30 (4.2%)	90 (5.5%)	20 (3.7%)	100 (4.7%)	10 (2.2%)

Table 3.13 – Civilian Recruitment exceptions

Civilian Recruitment	2006-07		2007-08		2008-09	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Number and percentage of people with disabilities recruited	10 (0.4%)	-	10 (0.6%)	-	40 (1.5%)	-
Appointments of less than 12 months in respect of those posts specified in Annex A of the CSCRC.	4	0	0	0	1	0
Extensions up to a maximum of 24 months, of appointments originally made for a period of less than 12 months (with reasons).	14	0	5	7	8	5
Recurrent short term appointments.	2	30	0	0	17	4
Short term appointments where highly specialised skills are required.	2	0	2	0	0	0
Appointments under Government programmes to assist the long term unemployed.	0	0	0	0	0	0
Secondments.	0	0	1	0	0	0
Extensions to secondments (with reasons).	0	0	0	0	0	0
Re-appointments of former civil servants.	45	17	121	49	1	0
Transfers of staff with their work (not under TUPE).	9	2	0	92	0	0
Transfers of staff from other public services without work (excluding public bodies staffed exclusively by civil servants).	5	0	0	0	0	0
Appointments of surplus acceptable candidates to shortage posts.	0	0	0	0	0	0
Appointments of disabled candidates under modified selection arrangements.	1	0	0	0	0	1
Supported employment appointments.	0	0	0	0	0	1
Number of exceptions reserved for the Commissioners' use.	0	0	0	0	0	0
Any appointments exceptionally approved by the Commissioners under the Orders in Council, outside the terms of the Code.	0	0	0	0	0	0

Notes:

1 The recruitment statistics shown are for all permanent and casual civilian personnel including Trading Fund staff. Figures for all years exclude Locally Engaged Civilian personnel and Royal Fleet Auxiliary. The exception categories reflect the information required to be published in the Civil Service Commissioners' Recruitment Code, and does not include figures for DSTL and Air Command this year due to data collection difficulties. Historical data is provided where possible.

2 Percentage of staff recruitment is based on known declarations of ethnicity and excludes staff within unknown or undeclared ethnicity.

3 Percentage of staff recruitment is based on known declarations of disability status and excludes staff with unknown or undeclared disability status.

4 The majority of these extensions were to meet short-term requirements to whilst permanent replacements were sought. Fair and open competition has been used wherever possible.

5 This shows the number of staff recruited where the requirement was short term and required specialist skills and where holding an open competition would not have identified any further candidates.

6 An exception approved by the Commissioners following the launch of the Governments Welfare to Work – New Deal Programme. Figures exclude those New Deal candidates recruited through normal open and fair competition.

7 Excludes other Government departments, but includes for example, local authorities, hospitals, etc.

8 Extension due to a requirement to utilise one individual's knowledge of PPP/PFI.

Diversity – MOD Civilians

3.89 The percentage of women, ethnic minorities and people with disabilities in the MOD civilians has hardly changed in the last year. Each group has increased by between 0.1% and 0.3% (excluding Royal Fleet Auxiliary and locally engaged civilians). The workforce is 36.4% female, 3.1% (declared figure) are ethnic minorities, and 5.5% (declared figure) have a disability.

3.90 The proportion of women recruited was lower in 2007-08 – 39.6%, compared to 40.5% in 2006-07. The proportion of ethnic minority recruits is also lower – 3.1% compared with 3.5% in 2006-07. However, this may be due to the increase in the proportion of recruits whose ethnicity was recorded as ‘unknown’, as the proportion of people with a white ethnic origin also fell by 5%. Less than 1% of all new recruits to the department declared a disability; the disability status of 12.2% of new entrants was recorded as ‘unknown’. Further work needs to be undertaken across the pay scales for ethnicity where we fell short against all of the targets for 2008.

Signing at a conference in MOD Main Building



3.91 The MOD’s demographic footprint continues to affect our ability to reflect the diversity of the national population. In more senior grades, there has been steady growth in the number of women in the Senior Civil Service (SCS) with achievement of 14.5% against a target of 15% as at April 2008. We have exceeded the target of 21% for women at Band B level, achieving 21.1% by April 2008, but we have not met the target for female staff at Band D level,

Table 3.14 – Percentage of Women, Ethnic Minority and Disabled Non-Industrial Civilian MOD Staff

		2005	2006	2007	2008	2009
Gender						
Total MOD		39.0%	38.5%	38.2%	38.2%	
SCS	Target	15.0%	15.0%	15.0%	15.0%	15.0%
	Achievement	9.2%	10.1%	12.2%	14.5%	
Band B	Target	16.0%	18.0%	19.0%	21.0%	21.0%
	Achievement	18.5%	19.1%	20.6%	21.1%	
Band D	Target	40.0%	40.0%	45.0%	47.0%	50.0%
	Achievement	37.6%	38.5%	37.2%	37.2%	
Ethnicity						
Total MOD		2.9%	3.0%	3.1%	3.2%	
SCS	Target	3.2%	3.2%	3.2%	3.2%	3.2%
	Achievement	2.2%	2.5%	2.1%	-	
Band B	Target	3.0%	3.5%	4.0%	4.5%	4.5%
	Achievement	2.4%	2.3%	2.5%	2.6%	
Band D	Target	4.0%	4.0%	4.5%	4.5%	4.5%
	Achievement	2.9%	3.2%	3.2%	3.2%	
Disability						
Total MOD		6.0%	5.7%	5.7%	5.8%	
SCS	Target	2.0%	2.0%	2.0%	2.0%	2.0%
	Achievement	3.9%	3.2%	2.4%	5.2%	
Band B	Target	4.0%	4.0%	4.5%	4.5%	5.0%
	Achievement	3.6%	3.8%	3.3%	3.7%	
Band D	Target	6.0%	6.0%	6.5%	6.5%	6.5%
	Achievement	6.3%	6.1%	6.4%	6.4%	

Source: DASA (Quad Service)

Notes

1. Ethnicity and disability percentages are based on self perception and self declaration of ethnicity and disability status as recorded on HRMS
2. Data for SCS (including personnel outside the Senior Civil Service, but of equivalent grade), Band B and Band D staff are based on broader banded non industrial personnel as recorded on HRMS, excluding Trading Fund personnel.
3. Data for Total MOD staff are based on broader banded industrial and non industrial personnel as recorded on HRMS, excluding Trading Fund personnel.
4. Percentage calculations are based on known declared disability and ethnicity status, and excludes data for unknown or undeclared ethnicity and disability.
5. SCS targets are set by the Cabinet Office in the 10 Point Plan, Band B and Band D targets are from the Equality and Diversity Scheme action plan.
6. - Denotes a percentage based on fewer than five personnel.

achieving 37.2% against a target of 47.0%. Data for 2008-09 is not yet available. It is evident that more needs to be done to develop female talent in the feeder groups to Band D and we are exploring opportunities to improve in this area, including positive action measures. Against the disability target for the SCS we achieved 5.2% against a target of 2.0%.

3.92 MOD continues to improve our processes for the collection and reporting on employment data which should, in time provide us with more reliable information. We have introduced a single equality and diversity impact assessment tool which replaces separate tools for the Armed Forces and civilians. It is more compact and is based on lessons learned since the requirement to carry out impact assessments of our policies was first introduced. This should lead to an increase in the number and quality of impact assessments.

3.93 A new equality and diversity scheme was published in April 2008, having been reviewed and revised, including in response to an assessment by the former Disability Rights Commission. The Civil Service diversity strategy "Promoting Equality, Valuing Diversity" was launched in July 2008 and provides a framework of commitments that will help us fulfil our new single public equality duty under the Government's new vision for equality, Framework for a Fairer Future – The Equality Bill, which for the first time includes age, sexual orientation and religion or belief. Founded on four key themes: "Behaviour and Culture Change", "Leadership and Accountability", "Talent Management" and "Representation", successful delivery of the Strategy will depend on the commitment of everyone, at every level, in the Civil Service.

An information stand at a diversity event



Civilian Workforce: Capable

Talent Management

3.94 The MOD has a number of development schemes to help those who have been identified as having potential to achieve leadership positions to progress more quickly through targeted development. In particular:

- MOD participates in the Cabinet Office High Potential Development Scheme that offers individuals a high profile development opportunity designed to help them learn to improve and deliver a significant impact in their department and to equip individuals with the skills to compete successfully for Top Management Board posts;
- The Band B Development Scheme supports the development of a small number of Band B's who have been identified as having the potential for promotion into the Senior Civil Service within one to five years;
- The Aspire Scheme supports the development of individuals with the potential for leadership posts within the Acquisition Community. It is open to civilian, military and industry personnel;
- Newly promoted Band B staff and their military equivalents attend an extensive leadership and management development programme developed jointly with Ashridge Business School;
- MOD Fast Stream programme provides an opportunity for high calibre individuals, who demonstrate the required potential to benefit from intensive development and training to equip them for early promotion to Band B and beyond; and
- The MIDIT (Means of Identifying Internal Talent) scheme aims to develop the Department's future managers. It typically requires participants to reach Band B2 at a relatively early stage in their career and be deployable across a broad range of posts at that level.

Progression and Promotion

3.95 A new selection process for promotion within the Senior Civil Service was introduced in 2008-09, assessing all those who apply for promotion against the common senior civil service competencies in a rigorous, consistent and externally moderated manner to identify who are the best candidates. Across the year, 15 staff (8%) were substantively promoted to the Senior Civil Service.

Civilian Workforce: Motivated

Civilian Pay

3.96 The MOD has delegated pay for the main department comprising around 60,000 people. Our Trading Funds and some other bodies have pay and grading delegation. Other groups of staff, including the MOD Police, Fire Service, Teachers and some Health Professionals, have links with their outside counterparts. The main department agreed a three year award from August 2008 to complete the five

year pay strategy endorsed by the Defence Board in 2005. The strategy produces a simpler pay system with short generic pay scales and skills supplements linked to the market to ensure we can recruit and retain staff in crucial specialist workforce groups. We will be undertaking a review of the performance management system to help to inform our pay strategy for 2011 and beyond. Our schemes to reward specific instances of excellence, one off achievements or qualification acquisition continue to be both valued and well used.

Health and Wellbeing

3.97 The MOD continues to advocate well-being initiatives including the provision of in-house occupational welfare advice and support, referral to occupational health professionals, and adjustments for disability. We set a target to reduce sickness absence for our level 1 (MOD, excluding Agencies) workforce of 8.6 average working days lost (AWDL). As at 31 March 2009 the overall absence figure, including Trading Fund Agencies, was 8.1 AWDL. The figures for industrial (11.1 days) and non-industrial (7.7 days) continue to show a downwards trend. We continue to publish the figures on the internet on a quarterly basis on the MOD website¹⁰.

Career Satisfaction

3.98 Understanding what drives our civilian workforce's performance continues to be a high priority for our Civilian Workforce Strategy. The Civilian Attitude Survey was conducted for the last time in Spring 2008, with February 2009 seeing the introduction of the MOD 'Your Say' survey. Whilst both surveys offer measures of engagement, the 'Your Say' survey offers one that is recognised across the Civil Service. In addition, for the first time the MOD 'Your Say' survey was widened to include the majority of MOD's civilian workforce, military managers of civilians and military staff in joint military and civilian environments. The Spring 2008 survey showed that areas remaining a challenge for us included the way the MOD manages change, confidence in leadership and ensuring our staff feel valued. Similar themes arose in our Investors In People recognition report.

Staff at work in Corsham



3.99 In response we have decided that all Senior Civil Servants will now have raising employee engagement as an annual objective, ensuring that engagement drivers become the responsibility of local leaders where the impact can be most influential. We are also developing the concept of a total value statement for individuals, to ensure that staff are aware of the value MOD places on them in terms of the benefits package, including learning and development opportunities. The impact of change on individuals is being driven at more local levels through local leaders' engagement objectives. The impact of change can be mediated where staff feel their 'voice' is heard and understood and that leaders care about the impact on individuals. The MOD 'Your Say' survey results have shown that our headline engagement index score was good (See table 3.15). We were ranked second out of ten other Government departments for "engagement" and first for "strive".

Table 3.15 – Engagement of MOD Civil Servants

	MOD	Median
Engagement Index (%)	57 (2nd)	48
Say (%)	59 (3rd)	43
Stay (%)	70 (4th)	70
Strive (%)	42 (1st)	31

Civilian Workforce: Managed

Developing Managers – Active Management of Performance

3.100 The Guide to Managing People, published in 2007, was reviewed in 2008 and remains the standard for all managers, including military line managers, of UK-based civilian staff (some 24,000). It is available to all staff via the intranet and over 35,000 hard copies have been issued to date. The guide is used in all people-management related training courses as it gives managers an overview of what is expected of them in terms of getting the best from their teams to meet their business objectives. Our civilian training provider, dblearning, offers two courses that compliment the guide – "The Confident Manager" is based upon the Managers' Model and values; and "Having that Conversation" supports managers in dealing with performance – they continue to be well-received and fully subscribed. 'The Manager's Model', a behavioural self-assessment tool designed to help managers identify and meet their development needs, continues to define what MOD requires of line managers.

¹⁰ www.mod.uk

Section E

Finance and Value for Money

Comprehensive Spending Review 2007

3.101 Under the Comprehensive Spending Review 2007 the defence budget is set to increase from a baseline of £32.6Bn in 2007-08 to £36.9Bn in 2010-11 Table 3.16 summarises:

Table 3.16 – The Defence Budget

£ Million	2008-09	2009-10	2010-11
Resource Budget	33,602	35,165	36,702
Capital budget	7,871	8,187	8,871
Total DEL	34,057	35,365	36,890
Of which Cash	22,892	23,734	24,757

Defence Budget and Spending

Departmental Outturn

3.102 Planned expenditure for 2008-09 was set out in the MOD Defence Plan 2008-12 under the section Government Expenditure Plans and in the Main, Winter and Spring Supplementary Estimates voted by Parliament. Provisional outturn for the year will be set out in the Public Expenditure Outturn White Paper 2008-09 published in July 2009. Table 3.17 compares the final performance against the final Estimates approved by Parliament, as reported in the Statement of Parliamentary Supply in the Departmental Resource Accounts. It includes Resource Departmental Expenditure Limit (Resource DEL), Annually Managed Expenditure (AME) and Non Budget, but does not include income payable to the Consolidated Fund shown in Note 5 of the Departmental Resource Accounts.

3.103 As set out in the explanation of variation between Estimates and Outturn in the Departmental Resource Accounts, the main reason for the underspend of £1,540M in RfR1 is the increased movement on derivatives of £1,200M in AME resulting from foreign exchange rate contracts in the Central TLB. This was offset by £400M in AME for impairments and nuclear provisions in Defence Estates and Defence Equipment & Support. There was also a decrease of £600M in Resource DEL which

was due to increased asset lives and re-assessment of capital spares reducing depreciation costs.

One of the first two female Chelsea pensioners to take residence at the Royal Hospital, Chelsea



Armed Forces Pensions

3.104 Armed Forces pensions fall within defence expenditure and are therefore included within Defence estimates and expenditure plans. They are administered and accounted for separately under the Armed Forces Pension Schemes (AFPS 75 and AFPS 05) by the Service Personnel and Veterans Agency. AFPS 05 also incorporates the Armed Forces Compensation Scheme. At the end of March 2009 we were paying monthly payments to some 400,000 pensioners and maintaining records of some 370,000 further individuals who are entitled to benefits when they reach pensionable age. Table 3.18 compares performance against the final estimate approved by Parliament.

Table 3.17 – 2008-09 Parliamentary Controls (£M)

	Final Voted Provision	Net Resource Outturn	Variation
Request for Resources 1 (Provision of Defence Capability)	34,637	33,097	-1,540
Request for Resources 2 (net additional cost of operations)	3,468	2,865	-602
Request for Resources 3 (war pensions and allowances)	1,015	1,000	-15
Net Resources	39,120	36,962	-2,158
Net Cash Requirement	36,552	36,431	-121

Table 3.18 – Parliamentary Controls (£M) Armed Forces Pay and Pensions

Armed Forces Pay And Pensions	Final Voted Provision	Net Resources Outturn	Variation
AFPS Request for Resources 1 (retired pay, pensions and other payments to Service personnel and dependents)	5,869	5,648	222
Net Resources	5,869	5,648	222
Net Cash Requirement	1,868	1,816	52

Table 3.19 – Net Additional Costs of three Operations (£M)

	Iraq			Afghanistan			Balkans			Other Programme			SAF		
	Total Dept. Allocation 2008-09	2008-09 Total Outturn	2007-08 Total Outturn	Total Dept. Allocation 2008-09	2008-09 Total Outturn	2007-08 Total Outturn	Total Dept. Allocation 2008-09	2008-09 Total Outturn	2007-08 Total Outturn	Total Dept. Allocation 2008-09	2008-09 Total Outturn	2007-08 Total Outturn	Total Dept. Allocation 2008-09	2008-09 Total Outturn	2007-08 Total Outturn
Operating Costs															
Direct costs															
Service manpower	116	115	98	73	73	85	1	2	2		4				
Civilian manpower	18	21	14	12	15	9	1	1	2		1				
Infrastructure costs	150	133	130	167	162	149	5	5	8						
Equipment support	356	306	278	422	384	200	6		1						
Other costs and services	177	153	162	313	312	160	2	9	7	47	41		13	9	
Income	(3)		4	(23)	(24)	11	(2)	(2)	(1)						
Stock consumption	240	207	237	521	527	301	6	6	6						

Table 3.19 – Net Additional Costs of three Operations (£M) (continued)

	Iraq			Afghanistan			Balkans			Other Programme			SAF		
	Total Dept. Allocation	2008-09	2007-08												
		Total Outturn	Total Outturn												
	2008-09	2008-09	2007-08	2008-09	2008-09	2007-08	2008-09	2008-09	2007-08	2008-09	2008-09	2007-08	2008-09	2008-09	2007-08
Indirect costs															
Stock write-off / (write-on)		1				4									
Provisions			5						(1)						
Other Indirect Costs*	615	164	119	214	187	143									
Cost of capital	10	24	8	11	18	9									
Total Operating Costs	1,679	1,124	1,055	1,710	1,655	1,071	19	22	26	47	45		13	9	
Capital Cost															
Capital Additions (including UORs and recuperation)	279	257	403	849	968	433									
Total Capital	279	257	403	849	968	433									

Costs of Operations

3.105 No formal budget is set for the cost of operations. The Department is voted additional resources (Request for Resources 2) to cover the net additional costs of Operations and Peacekeeping Programme Expenditure. The request for resources is normally made in the Supplementary Estimates which is the first occasion when the Department can reach a reasonably firm forecast of costs. Resource expenditure was £2,855M against an estimate of £3,467M. This includes £1,124M for Iraq, £1,655M for Afghanistan and £22M for the Balkans. The majority of the under spend is accounted for by lower than expected write-down charges for the withdrawal from Iraq. Capital expenditure was £1,226M against an estimate of £1,128M. This comprises £257M for Iraq and £968M for Afghanistan. Total expenditure is set out in Table 3.19.

Resources by Departmental Objectives

3.106 A summary of MOD's expenditure for 2008-09 broken down by our three Departmental Strategic Objectives is shown in Table 3.20. A more detailed breakdown of costs is shown in Note 24 of the Departmental Resource Accounts.

Resource and Capital DEL Variations (Budgetary Basis)

3.107 Detailed outturns by Top Level Budget Holder against RfR1, RDEL and CDEL control totals are set out in Table 3.21.

Table 3.20 – Resources by Departmental Objectives 2008-09

	Net Operating Cost (£M)
Objective 1: Achieving success in the tasks we undertake	4,521
Objective 2: Being ready to respond to the tasks that might arise	26,342
Objective 3: Building for the future	4,854
(Total RfRs 1&2)	35,717
Paying war pension benefits (RfR3)	1,000
Total Net operating Costs	36,717

Table 3.21 – Defence Budget Outturn against Departmental Expenditure Limits (DEL) 2008-09 (RfR1) (£M)

	DEL	Outturn	Variation
Resource DEL (net of A in As)			
Allocated to TLBs:			
Chief of Joint Operations	397	437	40
Defence Estates	2,715	2,613	-102
Defence Equipment & Support	15,195	14,688	-507
Central	1,740	1,718	-22
Commander-in-Chief Air Command	2,730	2,725	-5
Science Innovation and Technology	507	500	-7
Commander-in-Chief Land Forces	6,678	6,707	29
Commander in Chief Fleet	2,173	2,182	9
Administration	2,294	2,280	-14
Sub total	34,429	33,850	-579
Not Allocated	42	0	-42
Total	34,471	33,850	-621
Capital DEL (net of A in As)			
Allocated to TLBs:			
Chief of Joint Operations	54	55	1
Defence Estates	486	452	-34
Defence Equipment & Support	6,760	7,023	263
Central	-193	-182	11
Commander-in-Chief Air Command	17	14	-3
Science Innovation and Technology	0	1	1
Commander-in-Chief Land Command	149	149	0
Fleet	19	20	1
Sub total	7,292	7,532	240
Not Allocated	-108		108
Total	7,184	7,532	348

Outturn Against Departmental Expenditure Limit (Budgetary Basis)

3.108 The net resource controls set out above are audited by the National Audit Office and presented in the Department Resource Accounts. The Department works within two Departmental Expenditure Limits (DELs) covering both the majority of the Department's operating costs (excluding some costs specifically relating to nuclear provisions) and capital expenditure. The Estimated figures shown in Note 2. The Departmental Resource Accounts were based on data contained in the Spring Supplementary Estimates, and there are inevitably movements between TLBs between then and the year end. These reflect, for example, changes in budgetary responsibilities between TLBs. Total outturn for 2008-09 was contained within the RDEL with an underspend of £621M and an overspend of £328M in CDEL.

Reconciliation Between DEL and Estimates

3.109 Table 3.22 provides reconciliation between the outturn shown in the DEL Table above and Parliamentary Estimate. It also explains key differences between the tables presented here in the Annual Report, and those shown in the Departmental Resource Accounts. The totals shown for RDEL and CDEL are for RfR1 only. Non Voted items in this table relate to the cash release of nuclear provisions which is not a Parliamentary control, but which makes up part of the Department's Net Cash Requirement. There is a small element of non-voted funding within Capital DEL.

Table 3.22 – Reconciliation between Estimate and DEL (£M)

	Provision	Outturn
Resource Estimate (RfR 1)	34,637	33,097
Annually Managed Expenditure	-85	730
Non Budget	-128	-32
Non Voted	47	54
Less: Consolidated Fund Extra Receipts	0	
Resource DEL (Table 13)	34,471	33,850
Capital Estimate	8,314	8,757
RfR 2	-1128	-1226
AME	0	
Non Budget	-2	0
Capital Spending by Non Departmental Bodies	1	1
Capital DEL (Table 13)	7,184	7,532

Table 3.23 – Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets (£M)

	Provision	Outturn
Net Resources Outturn (Estimates)	39,120	36,962
<i>Adjustments to include:</i>		
Consolidated Fund Extra Receipts in the OCS		-245
Other adjustments		
Net Operating Cost (Accounts)	39,120	36,717
<i>Adjustments to remove:</i>		
gain on derivative financial instruments		-118
voted expenditure outside the budget	-4	-31
<i>Adjustments to include:</i>		
Consolidated Fund Extra Receipts		245
resource consumption of non departmental public bodies	9	133
Other adjustments	1	47
Resource Budget Outturn (Budget)	39,126	36,993
<i>of which</i>		
Departmental Expenditure Limits (DEL)	38,071	36,779
Annually Managed Expenditure (AME)	1,055	214

Reconciliation Between Estimates, Accounts and Budgets

3.110 The Department is required to use different frameworks to plan, control and account for income and expenditure. The planning framework uses resource and capital budgets broken down into DEL and AME and these budgets are referred to throughout the Spending Review, Budget Red Book, Pre-budget Report and individual Departmental Annual Reports. Control is exercised through the Parliamentary approval of Supply in the Main and Supplementary Estimates. Some elements of DEL and AME are outside the Supply process. Equally, some expenditure is voted but outside the scope of the budgets. Audited outturn figures are reported

within the Departmental Resource Accounts, prepared under the conventions of UK Generally Accepted Accounting Practice (UK GAAP), adapted for the public sector, with adjustments necessary to reconcile to either the planning or control totals. The 2008 Budget Report included the announcement that the financial instrument standards (FRS23, FRS25, FRS26 and FRS29) are to be implemented with effect from 2008-09. The IFRS adopted for the government sector will be 'adapted as necessary for the public sector'; just as with UK GAAP in the Government Financial Reporting Manual.

Major Contractual Commitments

3.111 As at 31 March 2009 the MOD's outstanding contractual commitments (excluding those already reported within the Balance Sheet) were some £21.8 Bn (£18.1 Bn in 2007-08) (see Note 25 to the Departmental Resource Accounts). This represents capital expenditure which the MOD is contractually obliged to pay in future years (assuming delivery of a satisfactory product). While it is built up from more than 300 individual projects, the ten largest constitute some £13.7 Bn, or 63% of the total (£12.1 Bn/67% in 2007-08). The Department is also committed to payments of over £1.4 Bn for PFI projects (£1.2 Bn in 2007-08) (see Note 27 to the Departmental Resource Accounts).

Defence Assets

3.112 Management of the MOD's fixed assets is centralised with two single balance sheet owners. Defence Estates 'owns' all land and buildings and related plant and machinery assets. Defence Equipment and Support owns all single use military equipment, guided weapons, missiles and bombs, capital spares, associated plant and machinery, transport, all assets under construction, Government furnished equipments held in project accounts, and all information technology and communication equipment. While the assets themselves continue to be held and used by all Top Level Budget organisations, whose personnel remain responsible for their custodianship, they are managed financially by the single balance sheet owners.

A Challenger 2 Main Battle Tank is shown being put through its paces at a Firepower Demonstration at Warminster, Salisbury Plain



3.113 According to the 2007 National Asset Register, the MOD owns about 25% of the Government's fixed assets and over 90% of the Government's intangible assets. MOD's asset base is large, diverse, geographically dispersed and varies significantly in age. The MOD's gross tangible fixed assets cost grew from £125.0 Bn at 31 March 2008 to £132.6 Bn at 31 March 2009, an increase of £7.6 Bn. Of this, £7.8 Bn reflected capital additions, in line with last year's capital expenditure figure.

Once depreciation is subtracted, the department's tangible fixed assets were worth some £82.4 Bn at 31 March 2009, an increase of £4.5 Bn over the year.

3.114 The vast majority of tangible fixed assets comprise either specialist military equipment in service or being acquired (some £49.2 Bn, 60% of the total); dwellings, land and buildings (some £19.6 Bn, 24% of the total); transport (some £4.8 Bn, 6% of the total); and plant and machinery (some £2.2 Bn, 3% of the total). These figures are broadly comparable with those for 2007-08. The net holding of intangible fixed assets at 31 March 2009 was some £27.9 Bn (of which over 88% comprised development costs of military equipment), an increase of some £1.3 Bn over the year. Details of the MOD's assets and their valuation are set out in Notes 13 and 14 to the Departmental Resource Accounts Volume Two of this report.

Losses and Writes-Off

3.115 Details of losses, special payments and gifts are set out in Note 31 to the Departmental Resource Accounts. Reported losses are not necessarily indicative of a failure of control. They also result from sensible management decisions as force structures, requirements and organisations are adjusted to meet changing circumstances.

3.116 The total value of new and potential losses and special payments arising in year (both closed cases and advance notifications) was £179M in 2008-09 (£193M in 2007-08). The Department continues to work to minimise the number of new cases that arise. Excluding gifts and payments made by the Service Personnel and Veterans Agency, the value of cases closed during the year amounted to £215M. Of this, £99M was from final closure of cases previously notified (including £53.8M for a claim on the MOD by a contractor caused by slippage in the construction programme for two Landing Ship Dock (Auxiliary) and £10.4M for ex-gratia redundancy payments to members of the Royal Irish Regiment and civilian employees following normalisation in Northern Ireland). A further £48.3M reflected the abandonment of four incomplete permanent structures following the withdrawal of British forces from Iraq.

3.117 The losses statement also identifies potential losses that have not yet been brought to completion and have not therefore been identified for formal incorporation in a future year's accounts (known as Advance Notifications). The costs identified are estimates, so the final loss declared may therefore be different. The estimated value of Advance Notifications of losses and special payments continued to fall in 2008-09, to £314M, reducing from about £607M in 2005-06 to about

£556M in 2006-07 and £350M in 2007-08. Of this, £205M (65%) is for the writing down of the value of Chinook Mark 3 helicopters, where the Department has deliberately taken a very prudent accounting approach that maximised the size of the potential write-off pending revaluation on delivery of modified aircraft. And £55.7M from a decision to cease the use, development, production and transfer of cluster munitions, including the Extended Range Bomblet Shell as a result of the Dublin Diplomatic Conference on cluster munitions.

Value for Money (VFM)

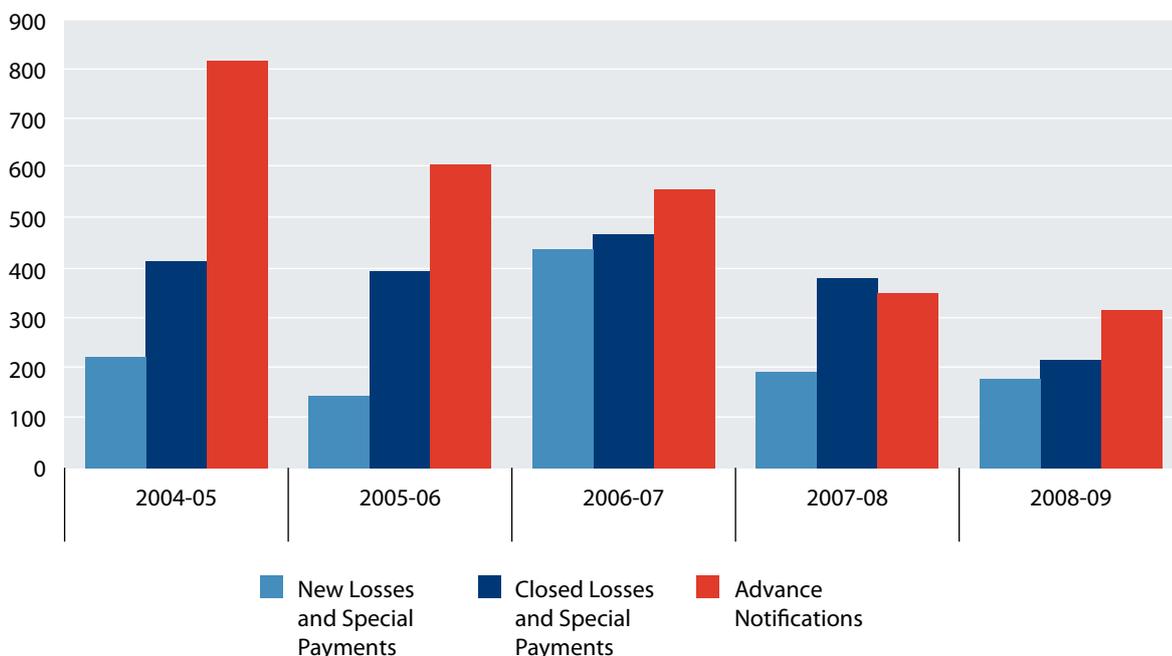
3.118 The MOD is currently on track to deliver £2.7Bn of VFM savings by 2010-11 agreed as a target under the Comprehensive Spending Review 2007. These savings will be sustainable, cash-releasing gains net of implementation costs and are all being recycled to ensure maximum resources are focused on delivering our primary objective of success on operations. An internal audit of systems and processes to deliver and report VFM savings is underway. Savings will also be reviewed by the National Audit Office, which will report on each department's claim during the 2007 spending period. By the end of 2008-09 the MOD has achieved around £650M of savings, through a number of initiatives as set out below.

Corporate Enabling Services

3.119 Various improvements in our Corporate Enabling Services have delivered over £200M of savings in this financial year:

- **PACE** – DE&S launched an effectiveness led change programme in March 2008, aimed at improvement in Performance, Agility, Confidence and Efficiency. The key elements of this programme are improving how military capability is delivered through co-ordinated programmes, enabling the organisation to respond more quickly to changing priorities through more flexible working practices and collocating more than half of the workforce into two sites in North Bristol and Corsham. Though this first year has primarily been preparatory, the progress has netted early savings of around £150M for 2008-09. The next year will have more impact as we roll-out the programme approach to delivering equipment, implement flexible ways of working and relocate staff from Andover and Caversfield to North Bristol. Year 3 (2010-11) will be transitional, as these improvements are embedded within the organisation and the remaining benefits and steady state savings are realised.

Figure 3.1 – Losses and Special Payments (£M)



- **Streamlining.** The Streamlining programme is implementing a 25% reduction in Head Office posts (approximately 1,062 people) through: redeploying approximately 257 military personnel back to front line posts, reducing the civilian headcount through natural wastage and the use of an Early Release Scheme (ERS). The ERS carried with it a one-off cost of around £47M for voluntary redundancies. As the structure and roles of individuals within the Head Office have now been confirmed, the focus of the Streamlining programme is shifting to developing and embedding new ways of working in the Head Office; enabling effective delivery of support to the front line. Financial savings of approximately £50M a year are expected. However, these benefits will not be realised until 2010-11, as the implementation costs of relocating staff, the collocation of Head Office into one building (at an estimated cost of £29M), and the ERS will absorb savings made in 2008-09 and 2009-10.
- **Defence Estates.** Savings of around £8M have been achieved in 2008-09. The Evolving Role of Defence Estates is an initiative to clarify accountability and responsibility across the MOD estate community and ensure that supporting structures operate efficiently in support of military capability. In support of this, a number of estate change programme initiatives are progressing to deliver efficiency savings now and in the future. 2008-09 has been a year of consolidation of previously announced plans with savings arising in Northern Ireland through Normalisation and the closure of a number of sites in addition to those arising through the closure of Osnabruck barracks in Germany. In addition, Defence Estates is rationalising the way it provides land management and specialist support to TLB stakeholders and its own estate community with a major cross MOD Estate Management Review due to conclude next year.

Improving Efficiency in Equipment Support

3.120 Since 2000 the MOD has radically changed the process by which it supports the Armed Forces across the globe. Around a further £70M of savings has been delivered this year through a change programme to deliver better support to the Front Line. Contributing projects include the Seawolf In Service Support project to sustain the capability of the Seawolf ship defence missile system and to improve its availability by 25%. As well as a new

arrangement for the Contracting for Availability of Underwater Weapons Visual Systems and the Nuclear Propulsion Sustainability and Availability contract.

Nuclear Warhead Capability Sustainment Programme

3.121 The programme is making savings in the Spending Review period through a range of initiatives, including those arising from a 2006 review: renegotiation of the contract to reduce costs until 2012-13; enhanced use of existing and planned estate; better programme management to drive down costs; re-profiling the delivery of some investments; and reduced manpower overheads through increased efficiency. This programme has delivered around £60M of savings in 2008-09 and is on track to deliver a total of £178M savings by the end of the period.

Overseas Operating Bases

3.122 During the year a complete review of the Headquarters British Forces Cyprus was carried out which led to a reduction in both civilian and military manpower – these have now been fully implemented. We anticipate that the £1M savings this Headquarters review has created, will continue over the next few years. From this, and other projects the total savings are expected to be £3.3M for financial year 2008-09. Planning for a large contractorisation project in Cyprus is well underway with the current planning assumptions showing the project reaching main gate business case submission in December 2009.

Northern Ireland Drawdown

3.123 The drawdown in both military and civilian personnel in Northern Ireland, combined with site reductions, has realised VFM savings of around £114M at the end of 2008-09. As part of a wider fleet management programme, the RAF will withdraw from Aldergrove and Massereene Barracks will close, leading to further savings in the period.

Reprioritisation of Scientific Research

3.124 A review of research programmes has resulted in funds being reprioritised into activities better aligned to Defence's strategic needs. £25M has been reprioritised in 2008-09 from this activity.

Reprioritisation – Planning Round and Equipment Plan Savings (2007-08)

3.125 In some cases, the MOD has chosen to reprioritise its expenditure, to ensure our highest priority – delivering success on operations in Iraq and Afghanistan – is supported most effectively and efficiently. This has meant we have reallocated funding from lower priority areas to deliver greater value overall.

Spending Review 2004 Over Delivery

3.126 The MOD agreed with HM Treasury that £267M of savings delivered in the SR04 period can be reported as early delivery towards our Comprehensive Spending Round 2007 VFM target.

Identifying Scope to go Further

3.127 The MOD is determined to deliver more VFM savings. We have fully engaged in the cross government Operational Efficiency Programme (OEP) and Public Value Programme. The early findings of these programmes and a range of other work has allowed the MOD's 2010-11 VFM target to be increased by £450M to £3.15Bn. In 2008-09 we continued self-assessments of our performance by benchmarking key back office and shared service functions. Significant savings have already been secured from the formation of our current shared service centres and benchmarking will inform whether any further savings might be achieved against OEP predicted savings across Government. In 2008-09 we also started work on a corporate services strategy, which will be completed this summer.

3.128 The MOD is also examining the business models of the Met Office, Defence Storage and Distribution Agency (DSDA) and the Oil and Pipelines Agency to see if they can be developed to deliver greater value for money. MOD has committed to strengthening and reviewing assets in response to the OEP and is additionally reviewing the Defence Support Group's business boundary with DSDA, the status of the Defence Estate's Security Services Group and the synergies between the Defence Animal Centre and operations of other public sector organisations to establish whether there is scope for further efficiencies.

Section F

The Defence Estate

Size and Character

3.129 The MOD is one of the largest landowners in the United Kingdom, with an estate of some 240,000 hectares, about 1% of the UK mainland. Some 80,000 hectares of this comprise a varied built estate including naval bases, airfields, living accommodation for nearly 200,000 military personnel, scientific facilities, storage and distribution centres, communications facilities and offices, making the MOD the UK's largest property manager. Reflecting the long history of the Armed Forces, the estate contains a substantial number of listed buildings. The rural estate (some 160,000 hectares) comprises mainly of training areas and ranges, on undeveloped land which is often of particular environmental or archaeological significance.

3.130 The MOD has rights to use a further 125,000 hectares in the UK, mainly for training. In addition, the MOD manages an overseas estate comprising the garrisons and training facilities in Germany, Cyprus, the Falkland Islands and Gibraltar, as well as facilities in Ascension Island, Belize, Brunei, Nepal, Singapore and the United States. The Armed Forces regularly use major training facilities in Canada, Cyprus, Germany, Norway, Poland and Kenya. As at 31 March 2009 estate related Defence assets were valued at some £19.5Bn (£19.8Bn in 2008). The estate is kept under review to ensure that it remains the right size and quality to support the delivery of Defence capability. It is managed and developed efficiently in line with acknowledged best practice and is sensitive to social and environmental considerations.

New Barracks at Tidworth Garrison



Estate Condition

3.131 The Defence estate is maintained and improved through a suite of contracts with Industry. Data on the physical condition of assets maintained by the Defence Estates Top Level Budget, has been captured through surveys and is loaded onto the Estate Planning Tool (EPT). Data for non-Defence estates maintained assets is also being collected by Top Level Budget organisations with a view to loading that information on the EPT. Defence Estates has agreed with customer Top Level Budgets an appropriate target condition for all assets and this is also held on the tool. Summary information on progress towards 'Target Condition' is provided by the Estate Performance Measurement System (EPMS). EPMS was further developed during 2008-09, being populated with its first tranche of data, looking at the 2007-08 period. An assessment of the data and supporting commentary was undertaken in the Autumn of 2008. This highlighted some issues with the definition of some measures used and the robustness of supporting information systems that feed into the EPMS database. Further development work has been undertaken to address these issues and a re-assessment of the data was concluded by the end of the year. This provides a baseline for measuring the value for money from Regional Prime Contracting programmes. Development work to continue to refine the system is underway and a second assessment will take place early in 2009-10, examining the 2008-09 period, which will establish trends in the data and provide essential supporting information for the development of the 'Next Generation Estate Contracts' business case.

Some of the new accommodation at Pirbright



Project Allenby / Connaught

Project Allenby/Connaught, the largest infrastructure Private Finance Initiative project ever let by the MOD, has one simple mission – to make life better for some 18,700 soldiers (nearly 20% of the British Army) by providing modern, high quality, fully serviced, purpose-built living and working accommodation. Its origins lie in the Strategic Defence Review, through which more Army units would need to use or be accommodated in the garrisons adjacent to the Salisbury Plain Training Area and within Aldershot Garrison. The contract was awarded to Aspire Defence Limited, a joint venture between Carillion and KBR, on 31 March 2006.

In addition to a major £1.4Bn 10-year construction programme involving the new build or refurbishment of 550 buildings and the demolition of 447, the 35 year project encompasses a wide range of support services including catering, cleaning, transport, estate management, document production and handling, stores and waste disposal. The Project has a total through life value of some £8Bn and buildings will be maintained throughout the life of the contract. New and refurbished buildings being delivered include offices, stores, training facilities, dining centres, as well as sports and leisure facilities.

Progress to date has been excellent with buildings being completed on time and sometimes ahead of schedule. During 2008-09 a further 77 buildings were delivered, giving a 3-year total of 181. However, the core of the construction programme is the provision of 11,500 en-suite bedspaces for single soldiers. A further 1,300 new bedspaces were handed over to the Army during the year, bringing the total to over 3,200 since the project commenced. Particular highlights 2008-09 included winning the Grand Prix award for the 'Best Operational UK Project' at the prestigious Public Private Finance Awards which recognised innovation and excellence in the public private partnerships industry. In July 2008 the first soldiers' village, housing 760 soldiers was handed over for the Royal Engineers in Perham Down.

The project makes a major contribution to the government's overall sustainability targets by managing the UK's largest energy and water metering programme, with over 800 buildings monitored. A measure of our success to date is evidenced by the fact that water leakage rates have already been reduced by between 22% and 49% across the project footprint.

A key feature of the contract are the help desks, located at each of the garrisons. They provide a telephone, walk in and email point of contact for advice and assistance on all of the services that Aspire are responsible 24 hours a day, 365 days a year. Helpdesks receive an average of 5,000 calls per month of which in excess of 97% are answered with 30 seconds.

Project Allenby/Connaught is reversing years of under-investment in the Army's estate. Soldiers who used to share rooms and washing facilities in poorly maintained buildings are increasingly returning from operational tours and moving into accommodation of a standard which they deserve and of which the nation can be proud.

3.132 The MOD continued to take forward an extensive estate improvement programme during 2008-09. This includes a very substantial single living and family accommodation upgrade programme and improvements in technical accommodation. At Richmond Lines, for example, new facilities have been completed including the Squadron HQ, Light Aid Detachment and mechanised transport and storage repair. The Officer Cadet Training Unit at RAF Cranwell now provides new accommodation for some 150 cadets, a programme delivered on time and to the customers' satisfaction. Improvements have also been made as part of the Catterick town centre development project, where the sports and leisure centre new build is well underway, and a short list drawn up of two developers interested in development of the town centre.

Estate Management

3.133 A significant amount of the estate is now managed through contracts with industry e.g. the Regional Prime Contracts (RPC) contracts, the Housing Prime Contract and Single Living Accommodation Modernisation (SLAM) arrangements. Further initiatives have resulted in changes to the Northern Ireland estate and the volunteer estate. The Estate Management Review, which works with the Services to identify priorities for estate maintenance, will take these issues a stage further and implement additional reforms first to the RPC areas in the UK mainland (initial operating capability late 2009, full operating capability mid 2010) and then Northern Ireland and overseas.

Regional Prime Contracts

3.134 Maintenance, minor new works and construction of the majority of the MOD's built estate across England, Scotland and Wales is provided through five regional prime contracts. These cost some £325M a year excluding minor new works and have driven the introduction of

collaborative working, supply chain management and incentivisation into the delivery of estate services. The MOD has also developed improved processes for the delivery of an annual programme of minor new works funded by local commanders and TLBs.

Firing Javelin on a MOD range in Wiltshire



Housing Prime Contract

3.135 The delivery of a responsive repair and maintenance service to Service Family Accommodation (SFA) in England and Wales is provided via the Housing Prime Contract with Modern Housing Solutions (MHS). The Housing Prime Contract was designed to ensure a consistency of approach and levels of service across the SFA estate and to take advantage of the economies of scale that such an approach presents. Major improvement projects can now be planned on nationwide priorities rather than local ones. The focal point of MHS' service delivery is the 24-hour free phone Help Desk based at Speke, Liverpool. MHS are also responsible for ensuring that properties meet the required standard at 'Move-In'.

Defence Training Estate

3.136 Defence Training Estate (DTE) supplies the majority of military training for the Armed Forces, facilitating the safe and sustainable training that makes British forces successful on operations. 2008-09 was a demanding year with a high operational tempo. In addition, the MOD has dealt with a number of Urgent Operational Requirements most notably the construction of two Middle Eastern Villages on the Stanford Training Area which were completed in May 2009. Since the creation of DTE in April 2006 there has been a major reorganisation of the MOD's training estate under the Defence Estate Training Rationalisation Study. This has resulted in the transfer to DTE of training estate in Germany, Northern Ireland as well as additional Army, Royal Navy and Royal Air Force estates in the UK. This expansion is now entering its final phase with the imminent adoption of training areas in other parts of the world, notably Canada, Belize and Kenya, as well as Adventurous Training facilities and the management of military training on private land in

the UK. Placing all of the MODs training estate under a single command is intended to enable a more flexible, efficient and cost efficient use of this vital resource at a time when the operational imperative is significant. The DTE HQ has been reorganised to meet the changing remit.

Overseas Estate

3.137 Defence Estates continues to provide both UK-based and theatre based commercial support for facilities management and project contracts supporting our troops deployed in Iraq and Afghanistan. Management of the built estate on the Permanent Joint Operating Bases overseas in the South Atlantic Islands, Cyprus and Gibraltar is delivered through a series of infrastructure support provider contracts. The MOD continued to review facilities management services in Germany and received endorsement to proceed with an assessment phase during 2009 comprising a commercial market test comparison with an improved in-house delivery option. We also continue to explore with Air Command and the US Air Force how best to fulfil our host nation obligations to US visiting forces in the UK whilst providing demonstrable value for money. The success to the long-standing relationship between Defence Estates, the US Forces stationed in the UK and the UK construction industry was underlined by the Defence Estates International Projects Division jointly with Mansells winning the prestigious Construction Industry Magazines' Long-Term Partnering Award 2008 for their work on the USAF Liberty Village base housing project at RAF Lakenheath. Our contribution to the partnership with the US forces was also explicitly recognised when the joint UK-US team at RAF Mildenhall received the 'Best Civil Engineering Squadron in the US Air Force' worldwide in 2008 for the second time in three years.

Volunteer Estate

3.138 The Volunteer Reserve comprises a range of facilities across the UK accommodating the Reserve forces and Cadets. Estate services are delivered by the thirteen Reserve Forces' and Cadets' Associations (RFCAs), with Defence Estates coordinating and funding through the Council of RFCAs. These arrangements were established to ensure management and consistency of delivery on a national basis, with more stable funding facilitating better planning by the RFCAs. Building on the first year of these new arrangements, the RFCAs have completed a forward maintenance register for the next five years and beyond, detailing the requirement for maintenance and replacement. In the last year, MOD efforts to review and optimise

the estate have centred on supporting the Review of Reserves (see paragraph 3.52), which has considered both the volunteer estate built form and footprint. Modernisation of the Cadet estate has continued through regional delivery updating and refurbishing facilities in-year.

Estates Disposals

3.139 Whilst the MOD continues to dispose of surplus property, targets that were agreed as part of the 2007 Comprehensive Spending Review have been severely affected by current economic conditions. The short to medium term outlook for residential housing and the reduced lending to the property sector resulted in lower than anticipated receipts from the disposal of 'brownfield' sites for potential development. Total receipts of £110M were achieved against a target of £305M that had been assumed as part the MOD's net spending plans. Market conditions have led to the decision to delay the disposal of a major site in High Wycombe. Certain disposals in Northern Ireland have also been delayed as discussions with the Northern Ireland Executive continue over their future use.

Relationship with Industry

3.140 Defence Estates has continued to run a supplier management strategy. This has led to the successful development of Supplier Associations and improved relations with both individual suppliers and the wider construction and facilities management industry. The development of Key Supplier Management has progressed, as has baseline modelling and a rolling review of strategic partnerships. This enhances the realisation of benefits resulting from contracting with the joint venture companies – formed as a consequence of the scale and complexity of many Defence Estates' projects. To ensure full visibility to the construction industry, the MOD is represented on and actively participates in industry-wide construction and building excellence forums.

Next Generation Estates Contract

3.141 Work continues on the Next Generation Estate Contracts project, the aim of which is to identify the most cost effective mix of estate procurement vehicles to meet the future needs of Defence. We will ensure that there is a seamless transition of service delivery from the current contracts as they expire to the new contracts. The Initial Gate Business Case was completed in November 2008 with three stages of work remaining to deliver. Stage 1, the Model Assessment Stage is currently in progress. Full operating capability will be delivered by 2013.

RAF Regiment live firing mortars on Otterburn training Area



Future Estate

3.142 The MOD continues to work towards an estate of fewer, better used sites. In June 2008 Ministers endorsed the publication of the 'Defence Estate Development Plan' (DEDP08). This sets out the framework, looking to 2030, for the development of the Defence Estate to meet our future need to support flexible balanced forces, optimised for expeditionary operations, including:

- The policy baseline;
- The current state of the estate, categorising every site as either core estate (comprising core locations¹¹ and individual core sites with an indefinite operational future that are expected to support Defence outputs for at least ten years); retained estate (comprising the body of sites where the future is not fully assured and could be subject to review, although many of these sites will in practice have a planning horizon of ten years or more); and estate for disposal (comprising those sites identified as surplus to Defence requirements). This categorisation will be a key determinant for investment prioritisation; and
- Estate aspirations of the Top Level Budget organisations, the main external drivers for assessing these (such as Government housing directives, sustainable development targets and the need to comply fully with planning regulations), and the key internal strategic goal of addressing over time the disproportionate Service presence in the south of England remote

¹¹ Abbey Wood, Aldershot, Brize Norton, Catterick, Clyde, Colchester, MOD Main Building, Marchwood, Northolt, Plymouth, Portsmouth, Salisbury Plain and Shrivenham.

from our main recruiting areas by producing a better balanced national footprint.

3.143 The plan does not define a firm end state, as requirements will inevitably change over time, but instead sets out a 'Head-Mark 2030' to guide planning, which describes the overall shape of the estate to which we aspire. The plan will be refreshed annually and formally reissued biennially with DEDP09 to be published in 2009-10.

Current Estate Investment

3.144 Within the context of DEDP08 the MOD has a substantial estate investment and rationalisation programme currently in hand:

- The RN's core facilities remain centred around the Base Ports at Portsmouth, Plymouth, the Clyde, the two Royal Naval Air Stations at Culdrose and Yeovilton, and the Royal Marine barracks in the South West. In line with the Naval Base Review work has focused on improving the efficiency of the support each Naval Base provides.
- The Army has developed four 'Super Garrisons' around Aldershot, Catterick, Colchester and Salisbury Plain in Wiltshire – delivering betterment for our people and economies of scale. In the medium term it is rationalising its presence in Northern Ireland and aspires to developing a further Super Garrison in the West Midlands. Project BORONA will continue to repatriate forces from Germany. As part of this programme work has continued towards a formal investment decision in 2009 to return the 1st Signal Brigade and 102nd Logistic Brigade to Cosford and the West Midlands from around 2014. It was announced in May 2008 that the Headquarters Allied Rapid Reaction Corps, and its supporting elements, would relocate to Imjin Barracks, Innsworth Gloucestershire, in Autumn 2010. Other significant rationalisation includes the delivery, under Project HYPERION, of a single integrated Land Forces Headquarters at Andover by mid 2010.
- The RAF is largely focussed on its Main Operating Bases. The increased capabilities of future aircraft may enable further rationalisation onto fewer, larger "hub" airfields and work will commence this year to examine options. RAF Brize Norton in Oxfordshire is being developed as the prime Defence Airport of Embarkation and will become the Air Transport and Air to Air Refuelling Hub. The formation of the Hub will mean that RAF Lyneham in Wiltshire may be considered for alternative Defence use from the end of 2012. The introduction from 2016 of the Joint Combat Aircraft at Lossiemouth, will reduce our requirement for Harrier bases and after 2018 RAF Cottesmore could offer an opportunity for alternative Defence use.

Single Living bed-spaces Upgraded Each Year by SLAM and Parallel Projects

Table 3.24 – Project SLAM Delivery

	2003/4	2004/5	2005/6	2006/7	2007/8	2008/09
Target	1000	1640	2500	1500	2100	2300
Cumulative Target	1000	2640	5140	6640	8740	11040
Delivered	150	1862	3570	2207	2008	2719
Cumulative Delivery	150	2012	5582	7789	9797	12516

Table 3.25 – TLB Funded and PFI Delivery

	2003/4	2004/5	2005/6	2006/7	2007/8	2008/09
Target	1500	4300	5300	5800	5550	4150
Cumulative Target	1500	5800	11100	16900	22450	26600
Delivered	2765	3749	1969	3615	4897	5191
Cumulative Delivery	2765	6514	8483	12098	16995	22190

- Work continued on the rationalisation and development of the London Estate. Implementation of the Head Office Streamlining project will reduce the number of London headquarters office buildings from three to one by March 2010. The Private Finance Initiative contract to redevelop and manage the Permanent Joint Headquarters site at Northwood, North London continues to make progress. Under Project MoDEL (MOD Estate in London) work is progressing to consolidate the Defence Estate in Greater London through development of an integrated, fit for purpose 'core site' at RAF Northolt, with an initial investment of over £200m. Facilities across five sites are being consolidated before being released for disposal with the generated receipts financing redevelopment and expansion. More generally, MoDEL has delivered betterment to our people by specifically delivering modernised and improved living and working accommodation.
- Work also continues on the further rationalisation of the DE&S organisation and consolidation will see it exit from six sites (see essay on Developments in Acquisition – PACE in Section N – Change).
- The contract for the Corsham Development Private Finance Initiative was let in 2008-09. This £800M investment programme will create a centre of excellence for operational Defence Computer Information Systems and allow Information Support and Services to concentrate staff and selected industry partners on a single site at Basil Hill, Wiltshire, by the end of 2011. It will also deliver improved living and working accommodation for around 2,200 military and civilian staff.
- The 30 year contract for the Royal School of Military Engineering Public Private Partnership was let in September 2008 with Holdfast Training Services at a cost of around £5.6Bn. It will deliver more efficient and effective specialist training for the Royal Engineers at St George's Barracks, Bicester, Chatham in Kent and Munby. The project frees up land in north Kent at Chattenden Barracks and Lodge Hill; elements being key to the Department for Communities and Local Government's Thames Gateway regeneration and local housing plans.
- The Programme to rationalise and integrate the Defence Intelligence Service Estate will collocate key units at Wyton. Initial moves see staff exit the Old War Office Building, London, by March 2010 as part of Streamlining. Initial construction works have commenced and the project is on track to deliver by Autumn 2012.
- The Midland Medical Accommodation project will bring together in Lichfield the Headquarters of the Royal College of Defence Medicine from Birmingham, the Joint Medical Command (formerly the Defence Medical Education and Training Agency), and the Defence Medical Services Training Centre from Aldershot. It will also provide living accommodation and facilities for military training and sports. The project is still in the Assessment phase, which was extended to address cost growth. The MOD, in parallel, is closely involved in the Birmingham New Hospital Project, scheduled for completion in 2011.

Service Accommodation

Single Living Accommodation

3.145 The MOD is providing a greatly improved living environment consisting mostly of single rooms with en-suite facilities through a combination

of Project SLAM (Single Living Accommodation Modernisation), and other projects. In 2008-09, Project SLAM delivered 2,327 new bed-spaces against a target of 2,300, bringing the total upgraded in the UK up to March 2009 to 12,124 against a target of just over 11,000. Other projects at specific locations upgraded 5,540 bed-spaces during 2008-09 against a target of 4,150, of which 570 were overseas. In all, over 34,500 bed-spaces have now been built or upgraded since April 2002 and a further 28,500 are planned to be delivered by 2017-18. As at March 2009, 50% of Single Living Accommodation for trained personnel is at Grade 1 or 2. These percentages are based on the latest known Single Living Accommodation worldwide requirement for trained personnel (95,000) and are inclusive of Condition and Scale (i.e. entitlement) information but exclude any environmental and locational influences.

Rock Barracks, Suffolk, modernised under project SLAM



Service Family Accommodation

3.146 Service personnel who are married, in a civil partnership, or who have custodial responsibility for children are entitled to live in Service Family Accommodation (SFA). There are currently around 50,000 units of SFA in the UK. As well as managing the physical stock of properties, the MOD is responsible for allocating properties to personnel, providing a maintenance service and managing the move in/ move out process. The repair and maintenance of SFA is provided by the Housing Prime Contract in England and Wales, by the Regional Prime Contract in Scotland, and by separate contractual arrangements in Northern Ireland. Service family housing in Europe and Overseas continues to be improved with 587 quarters being upgraded to the highest standard of condition in 2008-09, with a further 620 provisionally planned for 2009-10.

Upgraded Service Family Accommodation at Blandford Camp



3.147 2008-09 saw the publication of a National Audit Office report on Living Accommodation for service families. This recognised the challenges the MOD faces. SFA properties are spread over many locations and there is wide variation in age, condition and quality. The majority of SFA in England and Wales are leased from Annington Homes Ltd, with the remainder being owned by the MOD, rented commercially or through Private Finance Initiatives. An Asset Condition Survey was conducted across England and Wales to enable us to better understand the condition of this estate and to better inform investment priorities. SFA in Great Britain is assessed as being at one of four standards for condition (one being the highest). The more detailed information collected in the survey has changed the balance between standard 1 and 2 for condition. Overall around 90% of SFA in England and Wales falls within the top two standards, with 32% now assessed as being at standard 1 and 57% as being at standard 2, broadly reversing the previous position. Standard 2 properties are considered to be of a high standard, and both these and standard 1 properties have been assessed by the NAO as meeting, or exceeding the Government's decent homes standard.

3.148 The MOD is committed to improving the overall standard of SFA and in 2008-09 some 726 SFA properties in the UK were upgraded to the highest standard for condition against a target of 600. The target for 2009-10 is to deliver 800 upgrades. In addition, some 1,591 properties have benefited from smaller scale improvements, such as new boilers, roofs, bathrooms and kitchens, all of which have helped to raise everyday living standards.

3.149 The MOD managed some 20,000 moves in and out of SFA in the UK over the past year. In order to do this, it has been necessary to maintain a management margin of void SFA properties in order to ensure that homes are available for entitled families when required. As at 31 March 2009 there were 8,390 empty SFA properties in the UK, representing 16.8% of the total stock against a target of 17%. A total of 1,352 properties have been disposed of this financial year, with a further 800 properties identified for future disposal. In addition, a 'Void Preparation Surge Programme' has been implemented to expedite required works to bring void properties back on-line in areas of high demand.

Enabling Process

To continue to deliver success on operations while successfully managing change and transformation we must ensure that our many enabling activities and processes continue to function well and improve.

Using the Defence Balanced Scorecard the Defence Board has set the following challenge:

Are we efficient, responsible and respected?

And monitors six areas of activity:

G. Military Equipment Procurement: Equip our Armed Forces for operations now and in the future.

H. Infrastructure Procurement (Non Military Equipment Procurement): Invest in strategic infrastructure to support Defence outputs.

I. Security, Business Continuity: Enable secure and resilient operational capability.

J. Safety: Minimise non-operational fatalities and injuries.

K. Reputation: Enhance our reputation amongst our own people and externally.

L. Sustainable Development: Work with other government departments to contribute to the Governments wider agenda, including on sustainable development.

These six areas are described in more detail in the following section.



Section G

Military Equipment Procurement

Defence Equipment & Support

4.1 The Equipment Procurement Programme, some £5.6Bn in 2008-09, delivers battle-winning equipment to the Armed Forces. It is rigorously reviewed as part of the MOD's overall planning and programming process, ensuring that we make the best possible use of available resources and provide the UK Armed Forces with the capabilities they need to conduct operations both today and in the future. Following the conclusion of Planning Round 2008 in the Spring of 2008, we conducted a further examination of the Defence equipment programme in order to address the consequences of the rising cost of high end equipment, and increase the programme's focus on support for current operations. More detail of the Equipment Examination is included in Section M – Future Capabilities.

Major Projects Report

4.2 A report is provided to Parliament on the progress of major equipment projects, the Departmental Major Projects Report (MPR). This report, the format of which is changing for MPR 2009, will provide details of progress on the top 30 projects by value: 15 post Main Gate projects, five projects that have significant in-service expenditure and 10 in the Assessment Phase – prior to Main Gate. For the 15 post main gate projects the report shows progress on delivery of Key User Requirements as well as forecast cost and time changes that have occurred during the reporting year. For the MPR cohort, 2008-09 delivery of Key User Requirements is forecast at 99%; cost variation is forecast at £1,279M and time variation 114 months. The National Audit Office conducts a separate annual Value for Money study of the Department's MPR¹.

Financial Performance

4.3 As the single balance sheet owner for military equipment DE&S is responsible for financial management of £51.5Bn (closing balance) of capital assets, which represents an increase of £0.4Bn during 2008-09. Depreciation of assets on operations was £157M. Urgent Operational Requirements (UORs) are depreciated at the

same rate as other assets but the expected life is calculated according to the terrain it is to be held in. As regards non-UOR assets that are used on operations, depreciations are adjusted to reflect the state of the asset. DE&S also owns the majority on non-property assets and equipment under construction, which increased by 30% from £13.5Bn to £17.6Bn during the year.

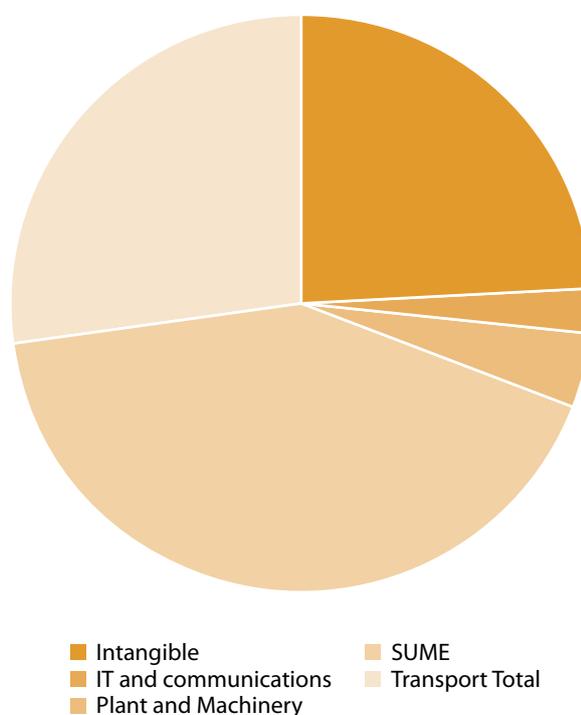
Deliveries

4.4 DE&S delivered new equipment valued at £3.1Bn during 2008-09 (£5.8Bn in 2007-08) with seven category A-C equipment procurement projects formally accepted into service (see Table 4.1). This represented 101% of the asset value planned for delivery in year.

Table 4.1

Major Asset Category Name	Total Purchase Price £M
Intangible	749
Information Technology and Communications Equipment	74
Plant and Machinery	129
Single Use Military Equipment	1,297
Transport	835
Total	3,083

Figure 4.1



4.5 Total capital expenditure for DE&S in 2008-09 was £7,021M. Capital Expenditure covers expenditure on the acquisition of Fixed Assets less

¹ NAO – MOD Major Project Report 2008, Report by the Comptroller and Auditor General – HC 64-11 Session 2008-09 dated 18 December 2008.

any capital receipts on the sale of those assets. Capital expenditure is made up of two principal elements. They are:

- Single Use Military Equipment (SUME) – equipment that can only be used for military purposes such as warships, military aircraft and armoured fighting vehicles.
- FISCAL – equipment that can be used for either military or civilian purposes such as transport equipment and infrastructure (docks and airfields), computers, IT and communications and hospital equipment.

HMS Victorious in the Clyde estuary whilst on transit to the Clyde Submarine Base Faslane



Key contract and achievements

4.6 For the Royal Navy:

a) Contracts:

- In May 2008, the department announced that it was ready to proceed with the procurement of the new aircraft carriers, to be named HMS QUEEN ELIZABETH and HMS PRINCE OF WALES. Contracts were signed in July 2008. Construction of the ships has begun with prefabrication of steel at the Appledore Shipyard, Devon. These will be the biggest and most powerful surface warships ever constructed in the UK and they are expected to remain in the fleet for up to fifty years.
- Contracts worth a total of £318M for the continuing Sea Wolf in service support requirement for the Royal Navy were awarded in 2008-09. Separate contracts £141M (for the radar system) and for £177M (for the missile system) were placed in June 2008.
- Contracts to the value of £293M were awarded on the Astute submarine programme. This will allow the continuation of the building of Astute Boat 4 (£60M) and the purchase of further long lead materials and items for Astute Boat 5 (£233M).

- The award of five contracts providing operational defect rectification, maintenance, upgrade and materiel support to 16 ships of the Royal Fleet Auxiliary valued at approximately £285M over a five year period.

b) Achievements:

- Trident submarine HMS Victorious completed its three and a half year overhaul.
- Delivery to the Royal Marines of a new variant of their offshore raiding craft. The new design takes account of the lessons learned on operations.
- Launch of fourth Type 45 Destroyer, Dragon, in November 2008.
- Commencement of Stage 1 sea trials for the second Type 45 Destroyer, Dauntless, in November 2008.
- Acceptance of Contract of first of class Type 45 Destroyer, HMS Daring, in December 2008.

The command vehicle Panther, a new type of all terrain vehicle currently being deployed for use by British troops in Afghanistan



4.7 For the Army:

a) Contracts:

- Contracts worth a total of £413M were awarded to provide additional protected patrol vehicles for operational deployment to Afghanistan. The contracts covered the supply of 262 HUSKY vehicles (£118M), 115 Warthog vehicles (£134M), 97 more JACKAL vehicles (£28M) and separate contracts (total value of £133M) covering the supply and integration of communications and additional armour protection for 151 additional Ridgback vehicles.
- In March 2009, MOD signed a contract worth £300M for a new fleet of tracked, earth-moving engineer vehicles.
- A contract with Thales Air Defence Ltd (TADL) of £214M for the supply of the Air Defence Availability Project for the High Velocity Missile

(HVM) Weapon System for the Army. This contract is another part of the overall Team Complex Weapons construct and is an enabler for the future development of the HVM technology.

- Contracts worth a total of £33M to meet the TALISMAN Urgent Operational Requirement were placed via United States Foreign Military Sales for 24 MASTIFF vehicles (£17M), 12 Buffalo vehicles (£10.9M) and six T-HAWK Micro Air Vehicles (£5.2M).
- Multiple contracts or contract amendments for Grenade Machine Guns, General Purpose Machine Guns, Heavy Machine Guns and associated mounts and other items (236 different equipment lines) totalling in the region £93M.

b) Achievements:

- The Multiple Launch Rocket System received a major enhancement to its protection under an Urgent Operational Requirement.
- Watchkeeper, an Unmanned Aerial Vehicle (UAV), made its maiden flight. The system will provide real time intelligence to commanders on the battlefield.
- Improvement to armour protection on the Warrior armoured vehicle fleet.
- 18 PANTHER delivered to theatre by 23 March 2009.
- Delivery of Tranche 1 and 2, a total of 202 JACKAL protected patrol vehicles completed by February 2009.
- Delivery of the final Sniper System Improvement weapons.

C-17 operated by 99 Sqn, based at RAF Brize Norton Oxfordshire



4.8 For the RAF:

a) Contracts:

- In March 2009, the MOD placed a contract worth £450M for support and maintenance of the Typhoon aircraft.

- In December 2008, the MOD placed the Harrier Pegasus Engine Availability contract. This is a £198.5M, nine year incentivised partnering arrangement providing an availability solution for Pegasus aircraft engines until 2018. In April 2009, a further contract was let for the support of the Harrier Airframe, until its Out of Service Date in 2018, at £668M.
- In December 2008, the MOD awarded a contract that will transform the support of the Tornado Radar Homing Receiver and ZEUS on Harrier through the Tornado ATTAC Contract. The contract amendment was valued at £103M.

b) Achievements:

- The commencement of Typhoon Tranche 2 deliveries.
- An initial precision, air-to-surface capability was declared combat ready by the RAF in July 2008, a significant milestone for the Typhoon aircraft.
- Delivery of fourth and fifth Airborne Stand off Radar (ASTOR) aircraft.
- Delivery of fifth and sixth C-17 Globemaster aircraft.

4.9 For the Department:

- Launch of Skynet 5C which will allow communications signals to be relayed between headquarters at home and around the globe.
- The launch of the Training System Partner contract in May 2008 with the ASCENT Consortium comprising Lockheed Martin and the VT Group. This is a £635M, 25 year PFI Partnering arrangement providing flying training for all three services. Extra packages of work will be added incrementally for specific training elements, for example on rear crew training.
- Placement of a £24M Contract to provide essential Line of Communication (LOC) Logistic support to military staff in Afghanistan.
- Global Communications Systems (GCS) Integrated Project Team have renewed the welfare requirement for one year under the SKYNET5 PFI. This £22M contract gives deployed personnel communication access to their families.
- The Defence Electronic Commerce Service (DECS) contract (Core and all Value Added Services) was extended by two years in December 2008 with Cap Gemini. The value of the extension was around £34M and included significant improvements to the contract terms.

- Joint Asset Management and Engineering Solution (JAMES) Increment 2 option was approved, with a contract value of some £76M.
- Defence Information Infrastructure (DII) Increment 2C for the “highly classified requirement” was signed on 23 January 2009. The approximate value is £200M.

Equipment Procurement Performance

Defence acquisition is faced with significant challenges in procuring and supporting some of the most complex engineering available, in some of the harshest global environments. Two factors prevail. Firstly, the absolute need to achieve military superiority. Without equipment and support that overcomes the threat, we place ourselves at a major disadvantage. Secondly, there is an intrinsic unpredictability of the environment and circumstances in which our Forces will be operating. Together the two factors lead to stressing requirements. We have to balance the justifiable call for simpler and cheaper equipment, with demand for levels of capability (protection, lethality, interoperability and so on) that push technology to the maximum. Defence activity sits permanently at the most advanced edge of technologies ranging across satellites, communications, electronics, materials, nuclear, production engineering, explosives, optics, acoustics and many more. We do strive, where appropriate, to source from the commercial sector, but the reality is that much of what is produced would not last in the operational environment.

In the last ten years there have been two major initiatives to improve acquisition performance – Smart Procurement in 1999 and Smart Acquisition in 2004. Of the projects that are monitored for DSO3 in 2008-09, 15 projects pre-date any acquisition reforms, that is the Initial Gate decision was before August 1999; 12 projects pre date April 2004; 14 projects have Initial Gate post April 2004. The pre-1999 population has forecast cost growth of £1527M in 2008-09 and accounts for 112 months (46%) of the time slippage. The projects that passed Initial Gate between 1999 and 2004 show a net reduction of £272M (one project showed growth of £8M) and time slippage of 67 months (28%). The projects that passed Initial Gate post-2004 show a net reduction of £4M and time slippage of 63 months (26%).

Of the MPR project population forecasting a cost growth, five (A400M, Terrier, Astute, Future Aircraft Carrier and Beyond Visual Range Air to Air Missile) were initiated prior to any acquisition reforms. For those with time slippage, four (A400M, Terrier, Astute and Future Aircraft Carrier) were initiated before any acquisition reforms.

Analysis of the shortfalls in performance, time and cost on major equipment projects tend to identify essentially four generic causal contributors. First, wider issues which include inflation, foreign exchange rates, accounting adjustments and redefinitions. This year they account for 46% (£581M) of the cost variation in the DSO population and 38% (£512M) for the MPR population.

Second, issues around collaborative projects. Whilst these projects represent excellent value for money for the UK, often delivering a capability that we would simply not be able to afford on our own, some influence and transparency has to be ceded within the collaborative framework. Whether it is major US projects where the UK is a minor partner, or European projects where the motives for collaboration can vary considerably, the UK is less able to influence outcomes compared with projects entirely within our control. In this year's results for time, this factor accounts for 22 months in the DSO population.

Thirdly, MOD can choose to adjust the project for good reasons to reflect changed circumstances and priorities. Deliberate adjustments accounted for 65% (£567M) of the cost variation in the DSO population and 59% (£596M) for the MPR population; for time this factor accounted for 42 months in the DSO population and 26 months in the MPR population.

Fourthly, are the technical issues which cause projects to slip, go over budget, fail to deliver the requirements, or a combination and this is where our main effort is focused. In this year's results, this accounted for 9% (£110M) of the cost variation in the DSO population and 3% (£39M) for the MPR population; for time this factor accounted for 178 months in the DSO population and 70 months in the MPR population. It was substantially for this reason that Smart Acquisition was introduced against the background of some major and high profile acquisition failures.

It will be a number of years before we can fully assess the procurement reforms introduced over the last ten years. There is also more work to be done to embed the principles of smart acquisition; a major one being the adoption of a through-life approach to capability management; something that only effectively started with the creation of DE&S in April 2007 and which has gathered momentum during 2008. This is aimed at providing the MOD with an effective framework to ensure the effective delivery of capability through life addressing all lines of development. The impact of the approach should be seen in future year's performance results.

Logistics Management

4.10 Our experience of operations, particularly since the end of the Cold War, continues to reinforce the importance of logistics. Key factors shaping development include agile supply to maximise the operational commander's freedom of action, an integrated support network, effective logistics elements of military capability, through life capability management and an effective relationship with industry. The Chief of Defence Materiel (CDM), as Logistics Process Owner, is responsible to the Defence Board to ensure that these are developed coherently from end-to-end across the whole of Defence, including the Front Line Commands and the Head Office, as well as DE&S. CDM is supported by the Defence Logistics Board, which has established performance and risk management processes that enable the department to identify the end-to-end risks associated with supporting current and contingent operations. These assess our ability to support force elements around the readiness cycle, identify MOD's ability to sustain contingent operations, and set out the risks to delivering logistics outputs, now and in the future. Since these say a good deal about military capability on the front line, significant elements are inevitably classified.

4.11 The Logistics Strategy is set out in the Defence Logistics Programme. It has five themes: Comprehensive Capability Planning; Flexible Command and Control; Minimised Demand on Logistics; Optimised Support Network; and Unifying Logistics Ethos. These themes cross organisational boundaries and combine to deliver the outcome of 'Coherent, Timely Delivery of Required Logistics'. As noted later in this report the Defence Logistics Transformation Programme, reported on in detail in the 2007-08 report, has been completed as a change programme and the improvements it delivered have been assimilated into normal business.

An Airman pictured providing logistic support to the RAF Tornados, based at Ali Al Salem air base in Kuwait



Logistic Support to Operations

4.12 The MOD continued to place a very high priority on maintaining reliable, resilient and highly effective transportation links to operational theatres. We achieve this by successfully blending military and commercially provided lift resources in order to meet the overall demand for the movement of freight and passengers. Movement of troops by air continues to take the highest priority, with the safe delivery to and from theatres always taking precedence over the less critical, but nevertheless important, consideration of punctuality.

4.13 We continue to take significant steps to increase helicopter support to operations. A 30% increase in available flying hours has been delivered since March 2008 and during the year we have improved the defensive aids capabilities across several platforms within the helicopter fleet. Measures have been taken to make further significant increases in helicopter capacity in Afghanistan in forthcoming years. By the start of 2010 the first of the eight Chinooks under the Mark 3 reversion programme will be delivered, providing a significant uplift to the heavy lift helicopter fleet.

4.14 We are also currently fitting twelve Lynx Mark 9 helicopters with more powerful T800 engines, under a UOR, and we have provisioned core programme funding for the re-engineering of the remaining ten aircraft in the effective fleet. T800 engines will allow Lynx Mk9 to operate in the 'hot and high' conditions of the Afghan Summer, providing us with a year-round light helicopter capability and freeing up aircraft for other tasks. The first of the upgraded Lynx will be available by Summer 2010. Taken with the Chinook Mark 3 reversion and the Merlins that MOD plans to move to Afghanistan later this year, this will deliver a significant increase in helicopter capability available to military commanders.

Urgent Operational Requirements

4.15 Approvals for Urgent Operational Requirements (UORs) continue at high pace with 91% being delivered on time within 2008-09. Over £4.2Bn of expenditure has been approved on emerging requirements for Iraq and Afghanistan since operations began. We agreed an estimate with HM Treasury for Reserve expenditure on UORs in 2008-09 of £900M plus a £230M rollover from the previous year (equalling £1,130M total expenditure), and that MOD would bear (two years in arrears) 50% of the cost of any excess above the figure. In the event we did not exceed the estimate for financial year 2008-09. Therefore, overall outturn fell within that aggregate total insuring it was cost neutral to Defence as assumed in the 2007 spending settlement.

4.16 Significant progress was made on a number of UORs, including the procurement of Ridgback and the second tranche of Mastiff, which are shortly to be fielded to theatre. The modified Panther, a new seven tonne command and liaison vehicle, was on the final leg of its journey to Afghanistan at the end of the financial year. Snatch-Vixen, the first tranche of which was fielded to theatre in Autumn 2008; and quad-bikes, which arrived in theatre in late Spring 2008. On 29 October 2008 the Defence Secretary announced over £700M of expenditure for an extra 700 vehicles, including a protected mobility package, to improve further the safety and protection of our troops on operations in Afghanistan.

Jackal – A UOR

The Land Rover Wolf Truck Utility Medium (TUM) vehicle has been in service since 1990 and fulfilled a variety of utility roles, including general movements of troops and supplies and as a command vehicle. The specialist requirement for airborne and littoral operations of 16 Air Assault Brigade and 3 Commando Brigade involves moving heavy machine guns around the battlefield and this led to the idea of using the Land Rover TUM not only to move guns, but also as a firing platform. This would provide increased self-protection for troops and flexibility for different operations. Thus the Weapon Mount Installation Kit (WMIK) was created. The initial variant, known as the Original or O-WMIK, was a basic kit to mount the weapon on the vehicle and was used for a number of years in Sierra Leone and Iraq. Prior to the deployment to Afghanistan, further modifications were made to the vehicle, including Modular Armour Protection Installation Kit (MAPIK) at the sides of the vehicle, to protect the vehicle from fragments and small arms fire, as well as an under-belly plate and electronic counter-measures, to protect the crew from small anti-tank mines and improvised explosive devices. This version was known as the Enhanced or E-WMIK.

What is a UOR?

An Urgent Operation Requirement (UOR) is an equipment capability which is required urgently for military operations, and which the MOD endeavours to deliver as quickly as possible. Where the requirement is new and unforeseen, and specific to a particular operational theatre, it meets the criteria to draw on funding from the Government Reserve.

The Afghanistan Requirement

In 2006-07, when UK troops were first deployed in the South of Afghanistan, a new requirement emerged. This arose partly from the E-WMIK's limitations resulting from the original design margin of the platform. The Land Rover TUM had been designed as a utility vehicle, not a weapons platform, and with all the E-WMIK additions was reaching the limit of its weight and stability capability. While the vehicle had performed satisfactorily in Iraq, with a flatter terrain and limited weapons fire, the limitations became more obvious when combined with the difficult terrain and operational necessities of Afghanistan. An Urgent Statement of User Requirement (USUR) was therefore raised, to deliver an Urgent Operational Requirement (UOR).

What is a USUR?

UORs begin life as an Urgent Statement of User Requirement (USUR). This is a simple statement of an operational capability gap, normally from Commanders in an operational theatre. The USUR, once raised, is submitted to the Permanent Joint Headquarters, Northwood, for endorsement. If confirmed as an Urgent Operational Requirement, it is allocated a number and formally becomes a UOR.

The Urgent Statement of User Requirement

The USUR clearly stated the requirement for a capability that provided improved mobility, increased capacity, and greater reach in the duration of patrols, all to achieve the higher level of manoeuvrability required in Afghanistan. It also sought a specifically designed weapons platform and comparable protection to E-WMIK. Greater manoeuvrability, flexibility and increased range allows troops to be more unpredictable, which aids protection from enemy forces. The USUR, referred to as the Mobility or M-WMIK, was raised in June 2006 and endorsed by the Permanent Joint Headquarters in August 2006.

The Business Case

A number of options were identified as potential solutions to meet the new requirement and set out in the Business Case. Considerable work was undertaken to identify the most suitable option, during which it emerged that only one met the full requirement. This was the Supacat HMT 400 which had been designed specifically for the types of terrain and environmental prevalent in Afghanistan and provided greater mobility and capacity than similar vehicles. The HMT 400 was chosen and approved by the Investments Appraisals Board in June 2007. In August 2007 the MWMIK was renamed "JACKAL".

Delivery

In this case once approved the requirement did not go to open competition because there was only one feasible option for delivery. Competition is conducted for UORs but can be properly exempted where it can be demonstrated that it is not consistent with the speed required for an "urgent" operational requirement. The project team delivering JACKAL used a number of methods to ensure value for money, including employing costing assurance services, comparison with other similar equipments, and assessment of the chosen contractor's overheads and labour costs. On award of the contract the contractor set up a new production line from scratch to produce the large number of vehicles required in a very urgent timeframe – approximately 100 vehicles in a year, compared with previous arrangement that produced about 20 vehicles per year. This initiative won an award from the Minister for Defence Equipment and Support in acknowledgement of the impressive effort to deliver urgent capability to troops on the front line.

Fielding to Theatre

The first vehicles were delivered to the Army just four months after the contract was signed. Whereas some equipment is sent to Afghanistan by sea and land, it was calculated that JACKAL should be fielded by air and tranches were delivered to theatre over about six months. The first users were 16 Air Assault Brigade, who received JACKAL from April 2008. Their successors in theatre, 3 Commando Brigade, had JACKAL throughout the duration of their tour, with more vehicles arriving during the tour.

Further Development

During JACKAL's first year deployed on operations in Afghanistan, a continual lessons learnt exercise was undertaken which highlighted a number of opportunities for further improvements. These included the potential for greater capacity, improved stowage, greater vehicle power for Bowman radios, and improved positioning of the weapons system. A further procurement was announced by the Secretary of State for Defence as part of the Protected Mobility package on 29 October 2008. While the JACKAL provides a capability as a reconnaissance vehicle and fire support platform for infantry battle groups, other vehicles in the Protected Mobility package, such as the Tactical Support Vehicles (Wolfhound, Husky and Coyote) will provide a complementary capability to move combat supplies from operational bases to fighting vehicles. The ability of operational Commanders to choose from a selection of vehicles with different capabilities and approaches allows our troops in Afghanistan to remain flexible and unpredictable, retaining the upper hand.

Overall the very quick delivery of a complex capability system like JACKAL demonstrates the speed and flexibility that can be achieved by the UOR process, when a requirement will deliver crucial effect in an operational theatre.

Jackal Armoured Vehicle is put through it's paces at Camp Bastion, Afghanistan



Movements

4.17 The pattern of troop movement includes a deployment, a mid tour period of rest and recuperation and a short period of decompression prior to return home, amounting to over 150,000 individual movements per year. This process is now well established with the military taking delivery

of the fifth and sixth C-17 Globemaster aircraft in 2008-09, assisted in providing the core of freight movement activity, but heavily supported as well by commercial resources.

4.18 Over 20,000 tons of air freight capacity was provided, including air freight charter. In 2008-09 the cost of air charter to Iraq and Afghanistan was around £75M, approximately half of the total Defence requirement for commercial airlift. The utility of C-17 was also exploited by using it in the passenger role for the tactical delivery of personnel. This introduced some robustness to the passenger air bridge by finding alternative equipment and movement routes to take personnel to and from Afghanistan. Surface routes also continued to play a significant role in the delivery of supplies to operations, with the majority of the approximately 30,000 tonnes of routine sustainment traffic moving by commercial means, interspersed with the occasional MOD Strategic Ro-Ro.

4.19 Consignment tracking improved with deployment of more logistics assets, better training of supply chain practitioners, and improvements to processes and procedures. There is no single, simple solution to the tracking challenge, but longer-term programmes to make further improvements (in line with the recommendations of the Public Accounts Committee) also made progress.

HMS MARLBOROUGH on exercise



Defence Exports and Disposals

UK Trade and Investment (UKTI)

4.20 Responsibility for Defence trade promotion was transferred from the Defence Export Services Organisation in the Ministry of Defence to UK Trade and Investment (UKTI) on 1 April 2008. Strong links have been maintained given the important Defence benefits that exports can provide, such as contributing to reducing our own equipment procurement costs, maintaining a strong Defence

industrial base by helping to maintain key skills in the UK, and contributing to our wider security co-operation objectives. MOD therefore remains committed to providing support to Defence exports and, despite the current level of operational commitments, UK Armed Forces expertise remains available to support export campaigns where possible. The Government recognises that the ability to offer the training, validation of equipment and services, and the know-how of the Armed Forces, is often crucial to achieving Defence export success.

Disposals

4.21 The Disposal Services Authority (DSA) achieved £70M in gross sales during 2008-09, including £9M of repayment sales and £0.5M on behalf of other Government Departments. Major sales included the handover to the Chilean Navy of the former HMS Marlborough in May 2008 and the third and last Sandown Class Mine Counter Measure Vessel – the former HMS Bridport – to the Estonian Navy in January 2009.

4.22 The year also saw a sales agreement signed with the Government of Brazil on 14 November 2008, for the sale of the Landing Ship – former Royal Fleet Auxiliary Sir Bedivere – in a deal worth £10M gross to the UK. In addition, Minister Defence Equipment and Support signed a sales agreement for the sale of the two Hunt Class Mine Clearance and Countermeasures Vessels – HMS Cottesmore and HMS Dulverton – to Lithuania.

4.23 Following on from the DSA successful development of UK policy on ship recycling, work on dismantling the former HMS Intrepid and Fearless continues with contracts also let for the recycling of HM Ships Cardiff, Glasgow and Newcastle, and the Canadian built auxiliary support vessel Ramehead.

Defence Inflation

4.24 In the MOD Annual Report and Accounts 2007-08, we advised that work was under way to develop a measure for Defence inflation. When completed, this work should allow MOD to establish its precise exposure to changes in costs of raw materials, labour and energy; information that is not currently available.

Section H

Infrastructure Procurement (Non Military Equipment Procurement)

Non Equipment Investment Plan

4.25 The Non Equipment Investment Plan (NEIP) is a collection of about 70 projects, consisting of a wide range of estates programmes and major Information System projects. Further details of the plan are set out on page 32 of Defence Plan 2008-2012. The NEIP was first brigaded together for work on Planning Round (PR) 2007 for use as an overall programming tool. It continued to prove its value through the latest planning round, PR09, by enabling, amongst other things, informed judgements to be made on spend to save and accommodation projects looking out over ten years and by balancing estate rationalisation costs with the related disposal receipts.

Project SLAM accommodation at Pirbright – An NEIP Project



4.26 One of the particular challenges that the department faced in taking the NEIP forward was to ensure that it captured properly the likely and emerging requirements for the second half of the ten year planning period. Primarily as a result of the previous four-year focus for the programming of such expenditure, we believe there remains scope to improve the longer-term strategic focus of the plan. In particular, there remains an opportunity in the later years of the NEIP to consider the scope for additional business change and modernisation initiatives or investment elsewhere (particularly if they involve capital investment which results in reduced operating costs). The Estate Development Plan will undoubtedly help in identifying longer-term estate priorities.

4.27 Defence Plan 2008-2012 set overall targets for monitoring the progress of the NEIP, along the lines of the targets which have been in place for sometime to monitor the military equipment programme. Practical experience of operating this system has presented significant difficulties. The sheer diversity of NEIP constituent programmes, for example, the scale, duration and different funding regimes of projects, has called into question the effectiveness and need to report on the homogenised plan in the way that we had intended.

4.28 Individually, good progress has been made across most of the programmes in the NEIP. Updates from Defence Estates on the estate related programmes can be found in Section F – Estates (paragraph 3.130 onwards). Updates on the Defence Change Portfolio (DCP) programmes can be found in Section N – Change.

Section I

Security and Business Continuity

Security

4.29 Providing effective security for our people, information and assets is crucial to the successful delivery of MOD's operational and business outputs. During 2008-09 we have taken further steps to improve security by increasing overall awareness of security issues and responsibilities across Defence. In the same vein, we have contributed to a fundamental cross-Whitehall review of security led by the Cabinet Office, which was completed in December 2008 with the publication of the Government's new Security Policy Framework. This has reinforced our current approach to security policy and we have started to align our internal guidance with the new framework.

4.30 We have also conducted a major study into arrangements for protective security in MOD. This has concluded that more should be done to make security an integral part of day-to-day management at different levels in Defence, and to consider security issues, not as a specialised area, but as part of normal risk-management. Work is in hand to address this, and the new approach is already being successfully applied for the accreditation of MOD's information systems.

Business Continuity

4.31 All organisations are at risk from disruption, which can range from technology and utilities failures, through to fire, flooding and even terrorism. MOD Business Continuity Management (BCM) aims to improve our resilience to disruption, and provide a method for managing the impact so that we can either continue to deliver, or restore our ability to deliver, key Defence outputs and objectives.

4.32 Further progress was made in 2008 in aligning MOD BCM processes with the British Standard for BCM (BS 25999). MOD's BCM guidance and good practice document, Joint Service Publication 503 (JSP 503), was revised to align with the Standard and was published in April 2008. Top Level Budgets and Trading Funds, have amended their business continuity arrangements confirming that progress has been made, albeit the pace and extent of the progress varies across the department.

4.33 The four strategic areas of most concern to the MOD, which will be the focus of efforts in 2009, are: the ability of the department to implement effective business continuity management (against a background of continuing organisational change); the ability of the department to develop a BCM "culture"; the management of our considerable and complex inter- and intra- dependencies (which was reported last year); and, the potential impact on MOD of a human influenza pandemic. The essay below was written before the outbreak of Swine Flu at the end of April 2009. While the UK National Framework for Responding to an Influenza Pandemic, and the MOD's own Pandemic Influenza Framework and supporting documentation, were developed in response to the threat posed by the avian influenza virus A H5N1, both frameworks have been extremely useful in guiding the department's response to the current Swine Flu outbreak.

A member of the Ministry of Defence Guard Service manning the gates at RAF Fylingdales, with an armed member of the Ministry of Defence Police on stand-by should he be needed.



Planning for an Influenza Pandemic

"The possibility of a worldwide influenza pandemic presents a real and daunting challenge to the economic and social wellbeing of any country and a serious risk to the health of its population."

What is pandemic influenza?

Influenza pandemics are natural phenomena that have occurred from time-to-time across the centuries. They occur as a result of the emergence of a variant of influenza which is entirely novel to humans or has not been seen for several decades, and so the population has little or no immunity to the virus. It therefore has a much greater impact and is much more widespread than a "normal" seasonal influenza epidemic. An influenza pandemic can occur in either one wave or a series of waves, weeks to months apart.

Emergence of a Pandemic Influenza Virus

Although there is some historical evidence that major epidemics (and possibly pandemics) have occurred at a frequency of three per century, the emergence of a pandemic virus remains random. Pandemic Influenza viruses can emerge through different routes:

- An Influenza A virus, such as avian influenza ("bird flu"), making small mutations and becoming genetically adapted to humans;
- An abrupt exchange of genetic material, known as genetic reassortment, between human and avian influenza viruses, possibly in a third species (such as pigs).

It is for these reasons that the highly pathogenic H5N1 avian influenza virus has caused such particular concern in recent years. It is highly contagious and rapidly fatal in domestic poultry, and has spread widely in and from the Far East, through the movement of infected birds and poultry products, and possibly also via migratory birds. There have also been over 400 cases of human H5N1 infections (where individuals have been in close contact with infected birds) resulting in over 240 deaths, although as yet there has been no evidence of sustained human-to-human transmission of the virus. However, the more widespread the H5N1 becomes, and the more people that are exposed to it, the greater the opportunity for the virus to become better adapted to humans, or to exchange genetic material with a human influenza virus, so producing a novel virus capable of spreading easily between humans and causing a pandemic.²

Strategic Approach

The Government's approach to and preparations for an influenza pandemic are being led by the Civil Contingencies Secretariat, Cabinet Office, and the Department of Health. The UK Influenza Pandemic Contingency Plan³ and, since 2007, the Pandemic Flu National Framework⁴, have provided guidance on contingency planning and preparations for a human influenza pandemic (not seasonal influenza or avian influenza outbreaks⁵), across Government, in health and social care and in the public and private sector. The Framework also describes arrangements for the co-ordination of the UK's response, and provides references to sources of more detailed information.

Government pandemic planning assumes that between 25-50% of the population will become infected, and that between 0.4% and 2.5% of cases will be fatal (up to 750,000 additional deaths in the UK). Each pandemic wave could last for approximately 15 weeks, with the peak infection rate likely to occur at the six to eight week point. Depending on the number of waves, the pandemic could last for between 18 and 24 months.

MOD's Approach

Work on the development of the department's pandemic influenza contingency plan began in 2005, under the direction of the Vice Chief of the Defence Staff, and through the MOD Pandemic Influenza Steering Group and its supporting Influenza Planning Sub-Group. In addition, the Minister for the Armed Forces is MOD's representative on the Ministerial Committee on Pandemic Influenza (MISC 32).

The key objective for MOD's pandemic influenza plan is to ensure that the department is fully prepared and able to maximise critical Defence outputs during a pandemic, drawing upon existing and emerging pandemic influenza advice and guidance being issued by the World Health Organisation, the Cabinet Office, the Department of Health and DEFRA. The plan, now referred to as the MOD Pandemic Influenza Framework⁶, addresses the two distinct but potentially linked emergencies:

- The impact of the avian influenza epidemic (H5N1) affecting the bird population in several parts of the world. As a significant land-owner, the MOD might have to contend with infected wild fowl or poultry stocks on Defence property (in accordance with DEFRA's containment and management plans);
- The possibility of a human influenza pandemic.

The Framework summarises the key tasks and supporting activities which are deemed necessary to enable the Department to sustain critical business and operational outputs, whilst providing a duty of care to service and civilian personnel, and their dependents. The Framework also provides supporting notes for each of the key tasks, which provide information and guidance to assist Top Level Budgets and Trading Funds and Agencies to put in place the necessary response arrangements before a pandemic emerges. The Framework is a “live” document, which is subject to regular review and update by the Steering Group.

The Framework key tasks and supporting notes are divided into four pandemic stages, which are based on the pandemic alert system used by the World Health Organisation and the Department of Health (See Figure 4.2):

Stage 1 – Preliminary – human infections have been reported, but there is little or no human-to-human transmission of the virus. In this stage, MOD monitors the situation, rehearses and strengthens its procedures and preparations.

Stage 2 – Prepare – there are small clusters of human-to-human transmission, but the spread is localised, suggesting the virus is not well adapted to humans. In this stage, MOD will assess the impact on Defence activity in the UK and abroad and, with a pandemic imminent, will take steps to abandon non-essential activities and invoke medical arrangements and local unit Business Continuity Plans.

Stage 3 – Absorb – there is evidence of increased (and subsequently significant) human-to-human transmission of the virus. In this stage, MOD will take steps to mitigate as far as possible the effects of the pandemic on Defence, including reducing Military operational activity as necessary. MOD will also monitor the spread of the pandemic so that demands on re-supply chains, Defence medical facilities and support capabilities can be adjusted to cope with changing priorities.

Stage 4 – Recovery – after the pandemic, and until Defence outputs are no longer affected as a result of the pandemic. In this stage, MOD will re-establish training priorities; recover to normal levels of operations; invoke leave and rest/recuperation cycles, and restore normal levels of business outputs.

While the MOD Framework will continue to be developed and refined, attention is now being focused on ensuring that the Top Level Budgets, Trading Funds and Agencies are able to translate the direction and guidance in the Framework into sensible, effective and coherent local business continuity arrangements. Work is also in hand to provide all Defence personnel (military and civilian), wherever they are serving, with access to information on the threats posed by an influenza pandemic, so that they have time to prepare and know what they should do and when. This includes the establishment of a pandemic influenza website on the Defence Intranet, presentations and briefings to personnel, and the development of pandemic influenza information leaflets.

Warning times of a pandemic arriving in the UK may be as little as a matter of weeks. If we wait until its arrival is imminent, it may be too late to do anything of real value. It is therefore vital that we prepare now.

1 The UK Department of Health (DH) has adopted the WHO phased plan approach should the UK have cases during the pre-pandemic period. Once a pandemic has been declared (at WHO Alert Level 6), a four-point UK-specific alert mechanism has been developed which is consistent with the alert levels used in other UK infectious response plans. The four UK Alert Levels are:

2 Cases only outside the UK (in a country or countries with or without extensive UK travel/trade links).

3 New virus isolated in the UK.

4 Outbreak(s) in the UK.

5 Widespread activity across the UK.

6 A copy of the MOD Pandemic Influenza Framework (dated October 2008) was placed in the House of Commons Library in January 2009 in response to PQ00346W from Andrew Lansley MP (South Cambridgeshire, CON).

Figure 4.2 – World Health Organisation and MOD Pandemic Alert Systems

Who Global Pandemic Alert System			MOD Pandemic Influenza Framework Stage
Pandemic Phase	Human-to-Human Risk	Alert Level	
Inter-Pandemic Phase New virus in animals, no human cases	Low risk of human cases	1	1 – Preliminary
	Higher risk of human cases	2	
Pandemic Alert New virus causes human cases	Human infections reported but little or no human-to-human spread	3	
	Evidence of increased human-to-human transmission	4	2 – Prepare
	Evidence of significant human-to-human transmission	5	3 – Absorb
Pandemic	Efficient and sustained human-to-human transmission	6 ¹	
Post-Pandemic Period	End of Pandemic – Return to Inter-Pandemic Period		4 – Recovery

Information Assurance

4.34 The vital role Information plays across the department has been reinforced through the establishment of a new Chief Information Officer role and supporting organisation. Information Risk continues to be a high profile issue for the Defence Board and the steps we can take to manage and reduce it are regularly discussed at their meetings.

4.35 We have made good progress implementing the 42 recommendations of the Cabinet Office Data Handling Review and, as of 31 March 2009, 41 out of a total of 51 recommendations from Sir Edmund Burton's Report into the Loss of MOD Personal Data had been actioned. Significant progress has been made against the 10 remaining recommendations, which involve a longer term programme of change.

4.36 Information related incidents have continued to be reported, in the Personal Data Incidents section of the Departmental Resource Accounts, though in many cases these have come to light as a result of an internal census the MOD is conducting of removable media, rather than fresh losses. The most serious of these were reported to the Information Commission Officer and in the press.

4.37 Our highest priority in response was to minimise the risk of compromise of those individuals whose data was involved and to provide them with reassurance. This involved taking steps such as contacting the Association for Payment Clearing Services (APACS) with details of bank accounts that could have been affected and establishing helpdesks to allow concerned individuals to contact the department. To date there

is no evidence that any individual has suffered as a result of an information loss, but this gives us no excuse for complacency.

4.38 Although losses and thefts have not stopped, and in reality may never cease completely, we monitor the nature and impact of each case and where appropriate adjust our processes in response. Increasingly where laptops are lost their encrypted nature means there is very little risk of compromise of data. Our remit for protecting information extends beyond the immediate boundary of the department into our supply chain, parts of which handle personal data and other key information on our behalf. We work with our industry partners to ensure that they understand their responsibilities and where necessary we are supporting this with contractual changes.

4.39 A publicity campaign has increased awareness of the importance of Information Assurance across the department. A new computer based training course on protecting information has been developed and completion of this, or an equivalent method of training, is now mandatory for all staff. A cultural change programme is being developed to ensure that the main themes of Sir Edmund Burton's report relating to all MOD information, personal or otherwise, is taken forward in the long term.

Section J

Safety

4.40 Building on the principle that good health and safety is rooted in the actions of top level management, the Defence Board have continued to demonstrate their commitment to safety in a number of ways. First and foremost, they challenge and hold to account individual Board members in whose area a fatality or serious safety-related incident occurs.

4.41 The Defence Board also scrutinise trends in fatalities and serious injuries to establish where specific action is required to deliver improvements. One example is the level of road traffic accidents (see below) which have been significantly reduced since 2006-07 following concerted publicity campaigns led by the Chief of General Staff.

4.42 But concern remains over the intensity of current and recent operations and the potential consequences to health and safety of all those involved, from front line soldiers to those training for operations, and to those in support and logistics roles. To test our processes for managing these risks, the 2nd Permanent Under Secretary has commissioned, an end-to-end audit of relevant safety systems. This is due to report in Summer 2009.

Avoiding Fatalities

4.43 There were four deaths related to health and safety failures in 2008-09, with a further six currently under investigation which may add to this number. The causes were: hang glider accident; helicopter crash, diving and a training exercise on the Brecon Beacons.

4.44 There has been a welcome reduction in the number of military fatalities resulting from road traffic accidents during 2008-09, down to six on duty and 26 off duty (one on operations). This compares to 2007-08 figures of 11 on duty (five of which were on operations) and 27 off duty. Overall accident numbers have reduced and active initiatives like the driver behaviour pilot scheme, which monitors driving performance, should continue to reduce figures. There have been no MOD Civilian serious injuries or deaths.

4.45 The number of motorcycle fatalities has also fallen: although there was one on duty in 2008 (the same as in 2007), the number off duty was four (down from 11 in 2007). The reduction of 67% against the same period last year is encouraging and may be attributed to MOD promoting safer riding through specific road safety initiatives. We will continue to support ongoing motorcycling campaigns seeking to keep these numbers low.

Figure 4.3 – Road Traffic Accident Fatalities

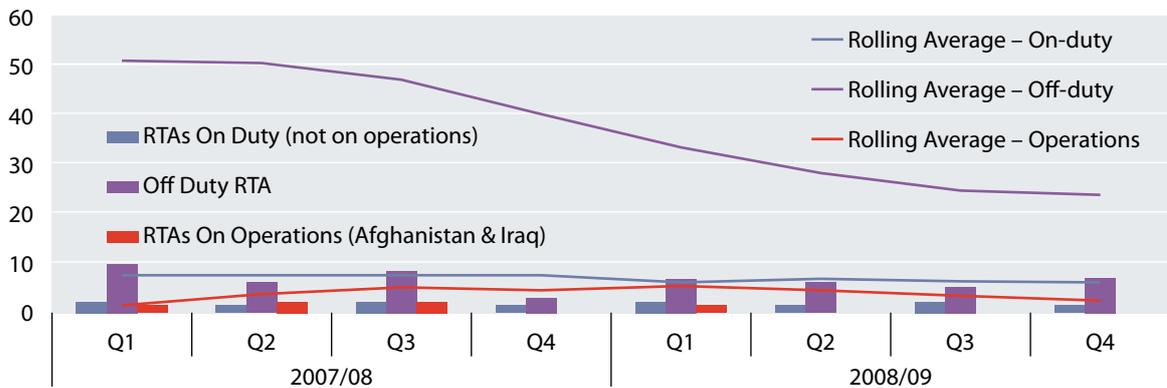
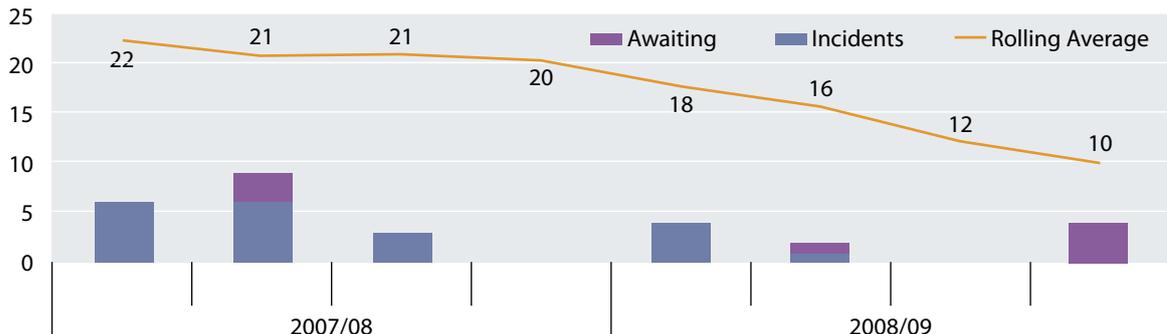


Figure 4.4 – Health and Safety Fatalities



A Fleet Air Arm Survival Equipment Specialist run checks on a flying helmet



4.46 Military operations, by their nature, require our Service personnel to accept a higher level of risk of being killed or injured than they would face in the civil community. It is our duty to ensure they are fully prepared to face these risks. That means undertaking realistic training to simulate battle conditions. The Defence Board have made it clear that this specific risk requires careful management and wish to be appraised of any fatalities and lessons learned. There was one such fatality in 2008-09.

A Royal Navy search and rescue crew practice rescue techniques off Cornwall



4.47 Suicide rates in the Armed Forces are also monitored closely by the Defence Board, who receive and discuss quarterly statistics. There were thirteen suicides or suspected suicides in 2008-09, against a total of 12 in 2007-08. This leaves the suicide rate for the Armed Forces below the national average. The Services continue to increase awareness and reduce the stigma attached to addressing problems. Trauma Risk Management, a peer group system to help personnel deal with the aftermath of traumatic events and recognise those that need medical help, has been adopted for use within all three Services.

Figure 4.5: Fatalities Attributable to Training Designed to Simulate Combat Conditions

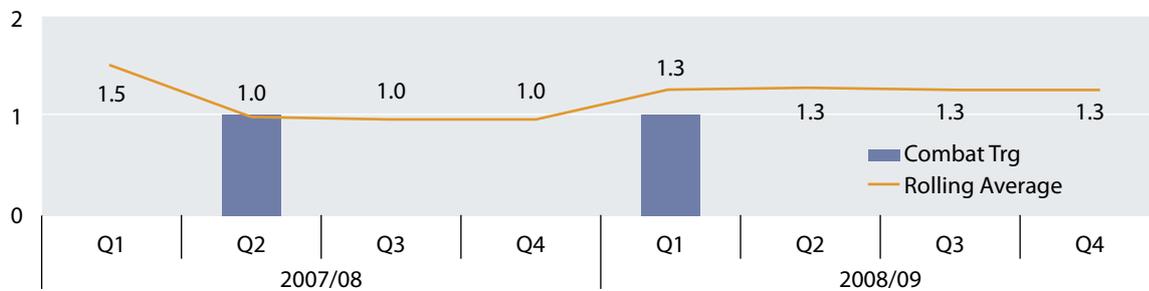


Figure 4.6: Suicides and Suspected Suicides

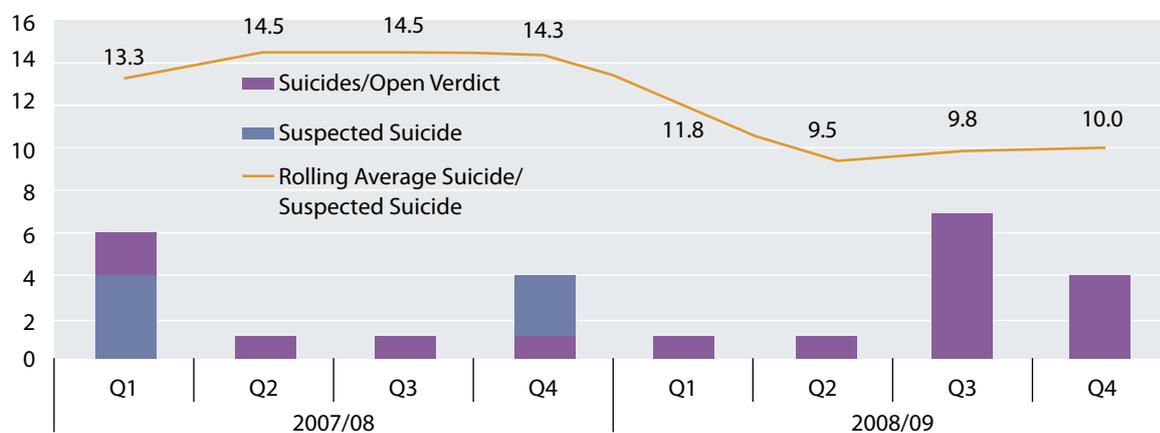
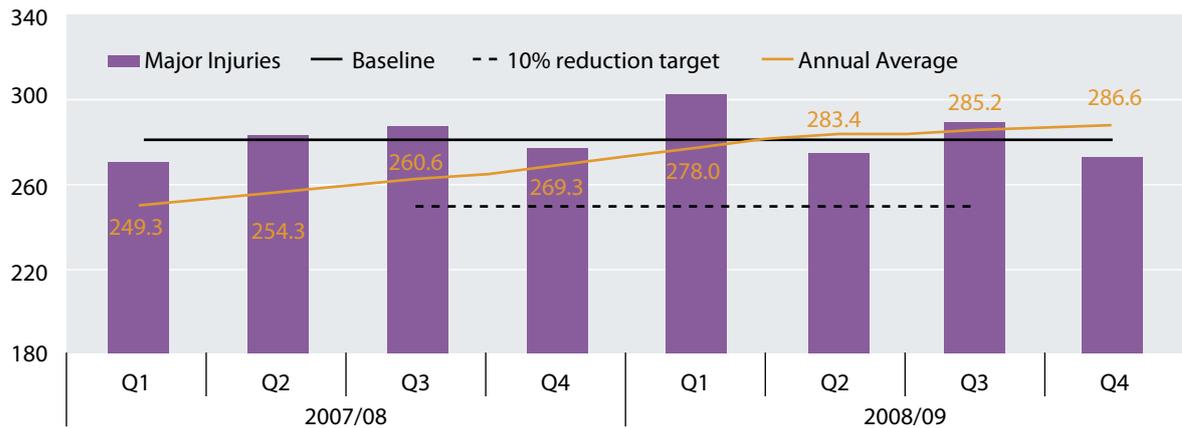


Figure 4.7: Major Injuries



Minimise Major Injuries

4.48 There has been an increase in reported injuries in the Army, but this is believed to be due to improved awareness of the need to report incidents, and simplification of the reporting process by the introduction of the Army Incident Notification Cell call centre, rather than an actual increase in accidents. This shows an improved safety culture, which a downward trend in fatal accidents in the Army may well support. There were 1,143 major injuries reported in 2008-09. This is a 2% increase on the 2007-08 numbers, against the target of a 10% reduction.

Deliver Safe Equipment and Safe Systems of Work

4.49 A revised governance structure and assurance strategy for safety, environmental protection and sustainable development has been introduced. Assurance to the Defence Environment and Safety Board is now provided by the Functional Safety Boards, including a new Defence Fuels and Gases Functional Safety Board. Work will continue in 2009 to further develop and implement end-to-end assurance frameworks.

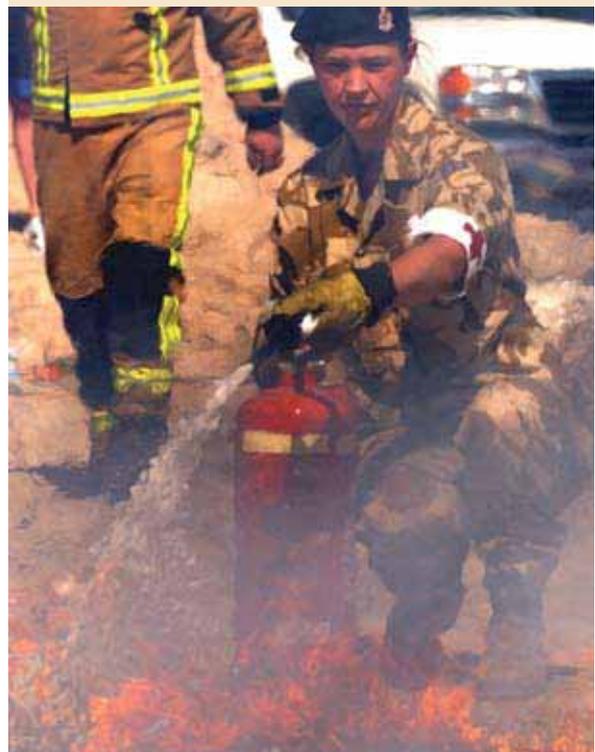
4.50 Some reported specific maritime and air safety concerns already have the potential to affect operational capability in the very near term and carry associated reputational risk. In February 2009 the Defence Environment and Safety Board reported "Limited Assurance" against the management of Safety, Environmental Protection and Sustainable Development in 2008.

4.51 The Board's existing programme of work in 2009 seeks further to embed and resource suitably qualified and experienced personnel and to improve the way in which we learn from accidents and incidents. In addition, the Board agreed that, as a priority, further work would be undertaken to

prioritise specific actions in the following broad areas: the need to reduce the risks to safety by the provision of adequate equipment for training for operations; and, the need for infrastructure and estate across MOD to meet statutory safety requirements. It also agreed a future audit programme, reflecting a new combined approach to undertaking safety and environmental protection audits which will lessen their impact on those being audited.

4.52 The MOD Incident Reporting and Information System is now in use across the department. Already, it is providing improved management information regarding accidents and incidents, and work continues to enhance its capabilities.

A Warrant Officer attacks a tray fire with a foam extinguisher during a training session



Section K

Reputation

Defence in the Public Eye

4.53 The work of the MOD and the Armed Forces is constantly in the public eye. MOD works hard to ensure that Parliament, the public, the media, and other stakeholders understand what we are doing and why. The results of polling of public opinion show that it remains strongly favourable towards the Armed Forces and has improved significantly over the last two years. MOD's public reputation has also improved.

Edinburgh Military Tattoo



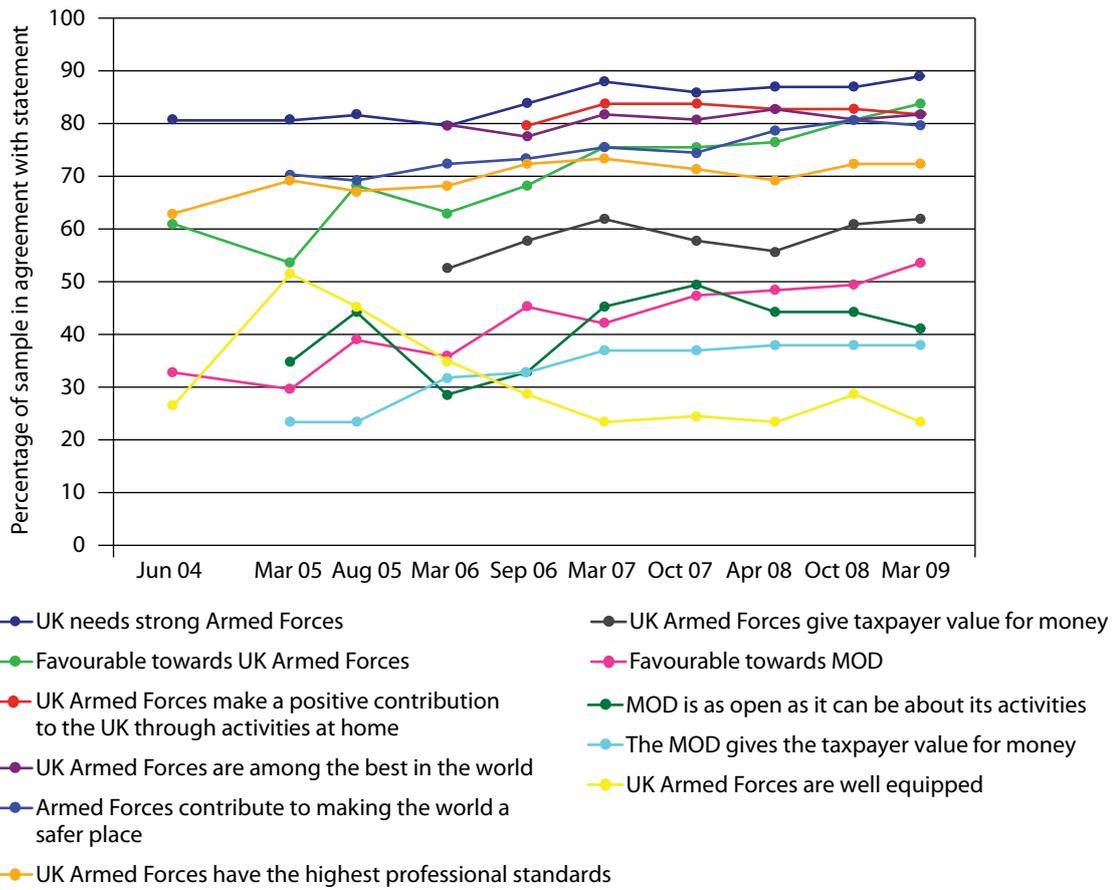
Table 4.2 – Improve external opinion of the MOD and the Armed Forces:

Favourable ratings for Armed Forces			
March 2009	October 2008	April 2008	March 2007
84%	81%	77%	76%
Unfavourable ratings for Armed Forces			
2%	3%	4%	3%
Favourable ratings for MOD			
March 2009	October 2008	April 2008	March 2007
55%	51%	50%	44%
Unfavourable ratings for MOD			
9%	10%	12%	13%

Table 4.3 – External Opinion Survey headlines

Armed Forces	March 2009	March 2008	Ministry of Defence	March 2009	March 2008
Favourable towards Armed Forces	84%	77%	Favourable towards MOD	55%	50%
UK Armed Forces are among the best in the world (Average for RN/Army/RAF)	82%	83%	UK Armed Forces are well equipped	26%	26%
UK needs strong Armed Forces	89%	87%	MOD gives the taxpayer value for money	40%	40%
UK Armed Forces contribute to making the world a safer place	80%	79%	MOD is as open as it can be about its activities	43%	46%
UK Armed Forces have the highest professional standards	73%	70%			
UK Armed Forces look after their people	55%	47%			
UK Armed Forces make a positive contribution to the UK through their activities at home	82%	83%			

Figure 4.8 – External Polling Results, 2004-09



4.54 We have continued to make improvements in our approach to Defence communications, in line with the first Defence Communications Strategy published in February 2007 and the recommendations of the Hall report². We are focusing our effort on our Defence communication priorities – operations, personnel and equipment. MOD has achieved better integration and coordination of communications efforts – both internally and externally, and is making greater use of regional media. We are exploiting the opportunities provided by new media channels, examples include the use of Twitter and the Royal Navy’s ‘Jackspeak’ blogging channel. We have enhanced our engagement with the media through briefings provided by Ministers and senior officers and officials and by a regular dialogue about how we can work better together. The inaugural Sun Military Awards, held at Hampton Court and televised on Sky, is an example of a more constructive relationship. Rules and guidance for military and civilian personnel have been clarified

through new instructions including on charging, contact with the media and public speaking, and on-line engagement. The Defence Communications Strategy was revised in January 2009 to provide clearer direction to everyone in Defence about what our communications effort is seeking to achieve and their role in delivering it.

4.55 Day-to-day engagement with the national and regional media is undertaken by Defence press officers who are responsible for informing the media of newsworthy events, providing journalists with current information and facts, and responding to their queries. Last year, we arranged over 240 visits for journalists to Iraq and Afghanistan compared with around 200 in the previous year. This includes an increased number of visits by journalists from the regional media. Through the Defence Media Operations Centre, we can quickly deploy personnel to support increased media demand and emerging operations. In 2008-09 teams have deployed to Iraq and Afghanistan, as well as supporting a number of other events including the Bosnia commemorations in May 2008.

² Independent report by Tony Hall the Chief Executive of the Royal Opera House and formerly the BBC’s Director of News, reviewing media access to individual personnel involved in operations. The report was commissioned after the detention of Royal Navy personnel by Iran in March 2007 and published on 19th June 2007.

4.56 The MOD continues to engage with the public through a broad spectrum of activities to promote understanding and encourage support. Despite the financial pressures on broadcasters the number of documentaries and Defence related TV programmes has increased. High profile documentaries such as 'Ross Kemp's Return to Afghanistan', 'Doctors and Nurses at War', and 'Warship', and popular entertainment programmes such as 'X-Factor' and 'Highland Rescue', have proved popular and successful, attracting millions of viewers. We have arranged a number of significant events including support to the 90th Anniversary of the RAF, the Centenary of the Territorial Army and the commemorations to mark the end of operations in Northern Ireland.

4.57 MOD's internet web presence is increasingly important as a means of engaging with our audiences. Through the daily news blog, posting on other sites such as You Tube and individual Services' public websites we aim to state the Defence case in an interesting and accessible way. Our achievements in this area has been recognised externally with the Army's re-launched website receiving the Gold Award for the Best Website at the November 2008 Chartered Institute of Public Relations (CIPR) Wessex Pride Awards. Defence Dynamics, a free online teaching resource provides material to over 7,000 registered users – part of our effort to explain Defence to young people.

Internal Communication

4.58 Good internal communication is vital to Defence: it supports our reputation as a top class employer which values its personnel, and helps our people to understand and deliver change programmes. This year has seen a number of bespoke internal campaigns aimed at explaining important changes to the people most affected, including announcements on new measures to support Service personnel, their families, and veterans contained within the Service Personnel Command Paper. Further key internal announcements and campaigns include the promotion of Veterans Day in June 2008. We also launched internal campaigns whose primary purpose was to seek the views of our own people, while continuing to provide them with honest, straightforward and timely information on military operations in Iraq, Afghanistan, and elsewhere, on equipment entering service and on the funding challenges we face.

The Army's online resource Armynet



4.59 The MOD supports commanders and line managers in briefing their people through a range of corporate channels that complement our official guidance, notices, instructions, and briefings. We aim to ensure that these channels stay fresh and effective and keep pace with changes in technology and working practices. We have improved the effectiveness and coherence of our in-house channels by, creating an 'editor's network'.

4.60 The quality of our in-house publications has been acknowledged. Soldier Magazine was recognised as the best in its class by Communicators in Business for its features and photography, Defence Focus magazine won CiB awards of excellence for news reporting and use of graphics and Navy News won its seventh Plain English Campaign 'Inside Write' award.

Reputation among Service and Civilian Personnel

4.61 We carry out annual surveys to determine the views of our own people – Service and civilian – on Defence and the Armed Forces. Our most recent poll conducted in Spring 2009 showed that the % agreeing that Services and MOD are a force for good remains high at 89% and 79% respectively (compared with 87% and 75% respectively in Spring 2008). Internal views about how well people feel they are looked after and equipped have also continued to improve.

Table 4.4 – Improve internal opinion (of Service and civilian personnel) of MOD and the Armed Forces

% of Service and civilian personnel thought that the Armed Forces were a Force for Good		
Spring 2009	Spring 2008	Spring 2007
89%	87%	85%
% of Service and civilian personnel thought that the MOD WAS a Force for Good		
Spring 2009	Spring 2008	Spring 2007
79%	75%	73%

Table 4.5 – Internal Opinion Survey headlines

Armed Forces	March 2009	March 2008	Ministry of Defence	March 2009	March 2008
UK Armed Forces are a Force for Good	89%	87%	MOD is a Force for Good	79%	75%
UK Armed Forces are among the best in the world	92%	91%	UK Armed Forces equipment is good or satisfactory	64%	58%
UK needs strong Armed Forces	98%	98%	MOD gives the taxpayer value for money	62%	60%
UK Armed Forces contribute to making the world a safer place	87%	86%	MOD is as open as it can be about its activities	66%	60%
UK Armed Forces have the highest professional standards	82%	82%	MOD looks after its civilian employees	61%	56%
UK Armed Forces look after their personnel	52%	39%			
UK Armed Forces make a positive contribution to the UK through their activities at home	90%	88%			
UK Armed Forces training is world class	73%	72%			

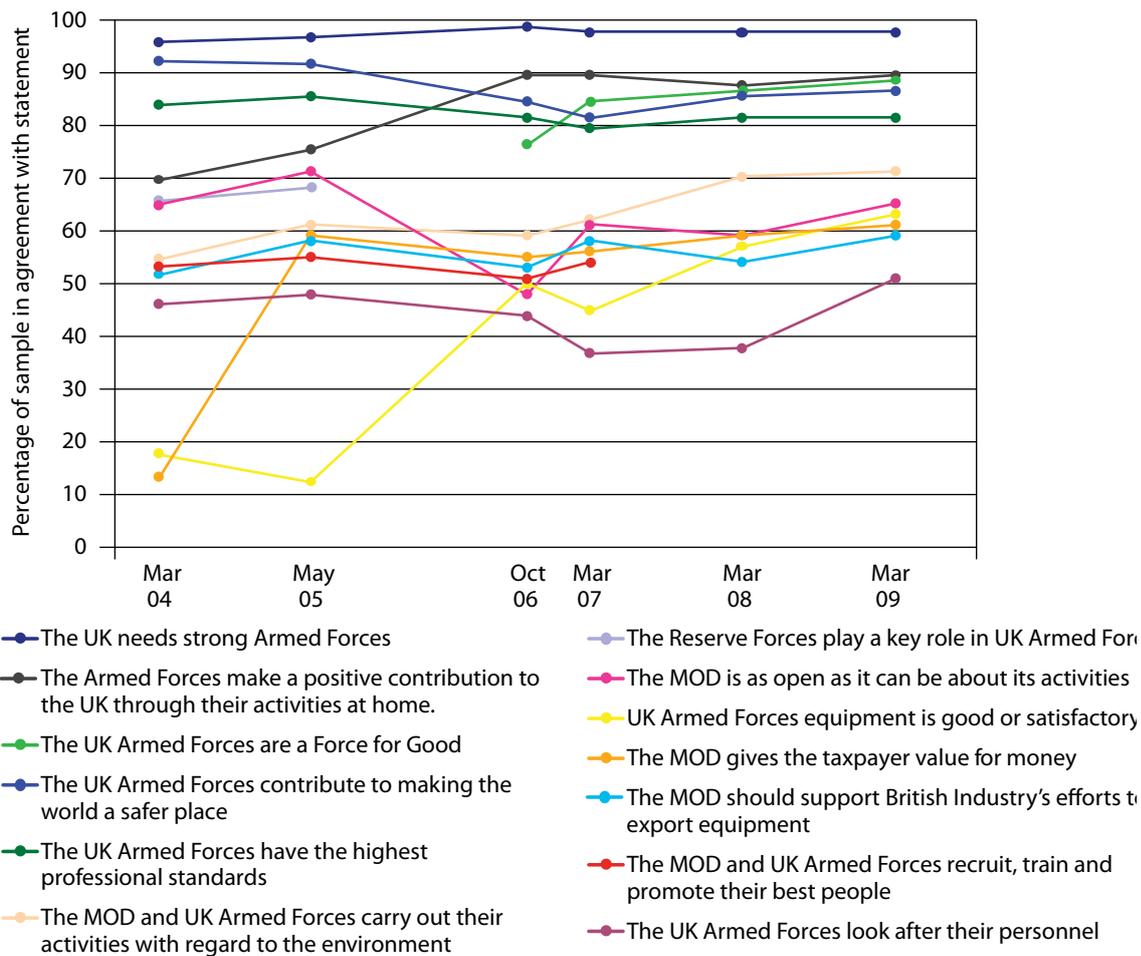
The Red Arrows over London



The city of Winchester welcomes home some of the many Hampshire based soldiers, sailors and airmen who have recently served in Iraq and Afghanistan. Thousands of local people and schoolchildren lined the streets waving flags and cheering



Figure 4.9 – Internal Polling Results, 2004-09



4.62 Provision of the right skills and training for all those involved in Defence communication is a key area of focus. As part of this we are developing a better approach to the generation of media operations capability which aims to ensure that people engaged on media and communications tasks in operational theatres are better prepared, trained and supported. This will build on the activities already undertaken by the Defence Media Operations Centre which delivers training for military and civilian personnel before they take up operational media communications roles.

Freedom of Information

4.63 The MOD continues to have a good record on timeliness, and openness in respect to its responses to Freedom of Information requests. Last year we received 2,732 requests for information, about 7% of the Whitehall total, with 70% answered within the 20 working day statutory time limit, and 63% answered in full (see the section on Open Government in Annex C – Government Standards for more details).

The Devonshire and Dorset Light Infantry paraded through Exeter



Section L

Sustainable Development

4.64 Sustainable development is at the heart of the UK's domestic and international policy. It offers a potential solution to global problems such as climate change, resource depletion, ozone depletion and social inequalities.

4.65 Sustainable development is a priority for MOD for three reasons:

- Without sustainable development there is a real risk that Defence capability will be threatened as increasing environmental, social and economic pressures exacerbate existing competition for scarce resources possibly providing a catalyst for armed conflict and unrest and impact on the operation of our equipment, estate, and people. The 2008 National Security Strategy cited climate change as potentially the greatest threat to global stability and security.
- Sustainable development makes very good operational and business sense. For example, improvements in fuel efficiency can increase operational agility and reduce cost. Other benefits include improved reputation and opportunities to stimulate innovation in new technology.
- As a major landowner, employer, consumer of energy and procurer of goods and services, Defence has the potential to make a significant contribution to the Government's sustainable development agenda.

4.66 The Sustainable Development Commission's Sustainable Development in Government (SDiG) League table³, published in December 2008, again gave MOD a four out of five score for our performance against the targets and commitments of the Framework for Sustainable Operations on the Government Estate (SOGE). The Commission commented on our good performance in recycling, reducing carbon emission from offices and water consumption, and in managing our Sites of Special Scientific Interest (SSSI). In recognising areas for improvement, the Commission noted the significant work we are undertaking to establish a suitable baseline for waste arisings. We are also making good progress against the Sustainable Procurement Task Force's *Flexible Framework* tool, which we have been encouraging our key suppliers to adopt.

4.67 With large estate and a large acquisition budget, the MOD has a prominent role in helping meet the UK's sustainable development challenge.

The MOD's Sustainable Development Strategy⁴, published in December 2008, sets out how we intend to address these challenges in the four Government priority areas of sustainable development consumption and procurement, climate change and energy, natural resource protection and environmental enhancement, and sustainable communities and a fairer world. The accompanying Sustainable Development Report and Action Plan 2008⁵ provides further details of our progress and updates key targets and actions.

4.68 Sustainable development is being led by the Under Secretary of State and championed by our 2nd Permanent Under Secretary, supported by a Sustainable Procurement Champion, and Sustainable Development Champions within each Top Level Budget and Trading Fund. Sustainable development is embedded into MOD official reporting mechanisms and service delivery agreements and into the objectives of Permanent Secretaries and Board level staff; with the majority of MOD's main management areas and Trading Fund Agencies having developed their own Sustainable Development Action Plans.

4.69 The first MOD Sustainable Development Leadership Conference was held in January 2009 for over 180 senior civil servants and military officers. Leadership on our estate is being recognised externally, for example the Environmental Leadership award at the Annual Construction Industry Awards, 2008, went to PFI Project Allenby Connaught and Aspire Defence which is developing new accommodation for the Army.

Sustainable consumption and production

4.70 Our aim is to procure, use and dispose of MOD's estate, equipment, goods and services in a way that meets Government sustainable development objectives and targets, whilst ensuring the continued delivery of Defence capability.

Children attend an MOD biodiversity day



³ www.sd-commission.org.uk/publications.php?id=866

⁴ www.mod.uk/NR/rdonlyres/FD9DAF98-43C5-4453-A6CF-5D03C8A5963E/0/SusDevStrategy.pdf

⁵ www.mod.uk/NR/rdonlyres/D8407A1C-CA68-4AD4-8E17-9F71B151AF6A/0/SusDevReport2008.pdf

Sustainable Procurement

4.71 The MOD is committed to becoming a national leader in sustainable procurement by December 2009. We are measuring progress on this against the Sustainable Procurement Task Force Flexible Framework⁶ (which is divided into five themes: People; Policy, Strategy and Communications; Procurement Process; Engaging Suppliers; and Measurement and Results).

4.72 We have made good progress during 2008-09, for example, through the roll out of a voluntary Sustainable Procurement Charter, which has now been signed by all of our acquisition and estates key suppliers. This is an important step in facilitating a joint MOD / Industry approach on sustainable procurement. The Secretary of State for Defence and the Chairman of the Defence Industries Council jointly signed the Charter in October 2008.

4.73 We have also issued instructions requiring that sustainability is addressed prior to all major investment decisions, and we have introduced sustainability awareness training for acquisition staff.

4.74 We recognise, however, that significant further work will be required to achieve the December 2009 target, and a recent NAO study into addressing the impact of Government procurement concluded that the MOD, together with a number of other departments, is still some way from having embedded sustainable procurement in its working practices. We are, therefore, re-prioritising our Sustainable Procurement Programme with the aim of accelerating progress in this area. This will be supported with a MOD Sustainable Procurement Strategy.

Waste Management

4.75 The MOD continues to minimise waste and maximise recycling and recovery, aiming to become a zero waste to landfill organisation by 2020. Against the sustainable operations on the Government Estate targets we reported recycling and reusing around a third of our waste for 2007-08⁷. MOD's Disposal Services Authority is now the single largest environmental shared service in Government providing access to its expertise to 61 public sector Bodies outside of its regular MOD internal services. It won national recognition as winner of the e-Government National Awards 2008 for the shared services category.

4.76 As a result of over three years work between all regular Army Units based within London District Headquarters and Borough Councils across London, a significant increase in recycling was

realised, achieving a 2007-08 recycling rate of 79%. Consequently, London District were the winners of the BCR Global Textiles Best Partnership Award for Recycling 2008.

4.77 Although more sites than ever before are providing waste management figures, our waste management services have historically been provided at site level via long term multi-activity contracts often let before the need to report waste data. It will take time to make the necessary changes to improve data quality and the management of waste across the entire estate. In addition to offices, our waste arisings are generated by diverse and geographically spread activities across thousands of sites; naval bases, garrisons, airfields, training camps, repair and storage depots and so on. Our considerable transient military population which is deployed on, and returns from, operations or training exercises makes waste management and reporting a significant challenge for MOD. We have made significant progress on improving the quality of waste data and have established a waste baseline incorporating the majority of our estate.

4.78 In October 2008 MOD signed up to the Government Construction Commitments Initiative to halve the amount of construction, demolition and excavation waste going to landfill by 2012, with the aim to achieve zero waste by 2020. This challenging target cannot be achieved by MOD alone, therefore in March 2009 a Halving Waste to Landfill Charter was signed by Defence Estates and its key estate contracting partners committing each of them to take action in four key areas:

- The effective use of Site Waste Management Plans;
- Reducing overall levels of construction waste;
- Increased recycling and re-use of construction waste, and
- Increasing the amount of materials used that have recycled content.

4.79 Recycling has become a key part of daily activity at a number of MOD sites. At MOD St Athan in late 2007 a campaign of site communication proved highly effective, with staff actively looking for recycling waste and monitoring the contents of the site's skips. In the first quarter of operation, the Defence Estates recycling facility generated 18 tonnes of reusable materials. It now recycles in excess of 260 tonnes per annum, some 75% of the total waste generated. This initiative has won the accolades of a number of organisations, winning the Welsh Assembly Waste Management in the Public Sector and Letsrecycle UK recycling champion in 2008.

⁶ See Annex C of <http://www.defra.gov.uk/sustainable/government/documents/SustainableProcurementActionPlan.pdf>

⁷ The latest year for which data is available

Bundles of paper and cardboard being sent for recycling



Building Design and Construction

4.80 The MOD's built estate covers approximately 80,000 hectares and we have an overall stock of 71,000 houses and 160,000 single living units, spread across more than 200 sites in 16 countries. We are unique in Government in commissioning a wide variety of building types that encompass virtually every type of equivalent civilian building as well as specialised military assets. We therefore have the potential to lead the way in sustainable design and construction in Government. The MOD continues to ensure the robust application of sustainability and environmental appraisal tools and we will continue to encourage innovation and good management so that both existing and new buildings can contribute towards the full range of sustainability targets. The MOD is fully involved in the Office of Government Commerce Property Benchmarking scheme with some 23 offices being benchmarked during Summer 2008, including major sites such as Abbey Wood, Main Building and Defence Estates Head Office, Sutton Coldfield.

Climate Change and Energy

4.81 In December 2008 we published the MOD Climate Change Strategy setting out our long-term climate change vision, as well as short, medium and long-term targets in all areas of our business. In 2007-08⁸ the MOD:

- Reduced CO₂ emissions from the estate by around 10% against the 1999-00 baseline levels (target 12.5% by 2010-11);
- Reported a 5% reduction in CO₂ emissions from administrative road transport against the 2005-06 baseline (target 15% by 2010-11);
- Reduced average CO₂ emissions from our administrative road transport to 135g/km compared to 151g/km in 2006 (target 130g/km by 2010);
- Sourced around 8% of our energy from renewable energy sources (target 10% by 2010-

⁸ The latest year for which data is available

11) and 6% from combined heat and power sources (target 15% by 2010);

- Offset around 16,900 tonnes of carbon dioxide from our head office non-operational flights.

4.82 The MOD has also invested in carbon efficient projects. Individual Top Level Budgets within the department continue to invest locally and centrally, £8.9M in the last two years has been spent on 51 projects with predicted financial savings of £2.8M and emissions reduction of 21,600 tonnes of CO₂ per annum. The projects invested in included CHP, biomass boilers, ground source heat pumps, building management systems and lighting projects.

4.83 A major source of our emissions is from military use of aircraft and ships; we are looking at a number of measures to reduce the use of marine, land and aviation fuel without impacting on operational capability or compromising the safety of personnel.

4.84 The MOD recognises the need to adapt to the predicted changes in climate to which the world is already committed, including the security impacts that this may bring, as well as the impact on our own estate and infrastructure. The MOD Climate Change Strategy set out the process by which we will adapt our policy planning, equipment and estate. As a snapshot of progress, MOD has already:

- Identified climate change in high level strategic planning such as Defence Strategic Guidance.
- Made significant progress in developing a climate impacts risk assessment methodology for the Defence Estate and begun pilot work on a number of key sites as part of its development.

Water

4.85 Much of the MOD's water infrastructure, dating from the 1930/40s, is reaching the end of its life. Private sector expertise and capital are being utilised to manage the majority of our assets (approximately 4,200 sites) through a twenty-five year water and wastewater Public Private Partnership Project, Aquatrine. Consistently high consuming sites are initially undergoing water audits and appropriate water conservation measures are being installed in priority order as funding allows. We are taking steps to reduce consumption through the use of water efficient technologies and improved business practices, achieving almost 26% reduction in water consumed by September 2008, due to leakage reduction, against a target of 25% by 2020. We are ensuring all new builds and major refurbishments are designed in line with water efficiency best practice through adherence to Building Research Establishment Environmental Assessment Methodology (BREEAM) / Defence Related

Environmental Assessment Methodology (DREAM)⁹ standards. Thirteen sites, including Wellington Barracks, have carried out water audits and water conservation devices have been installed, saving approximately 88,000m³ in 2008-09.

4.86 Other benefits of Aquatrane include:

- Significantly improved water quality levels, with approximately 99.9% of regular samples meeting statutory requirements.
- New capital investment at a number of locations which are identified on the Defence Estate Development Plan as having a medium to long-term operational future, such as new or upgraded fire mains to ensure compliance with Crown fire standards, and new or refurbished water and sewage treatment works.
- The inclusion of the Abbey Wood and the Neighbourhood 5 sites into scope.
- The provision of accurate water consumption data which is enabling the MOD to develop specific measures to reduce consumption in-line with the Government's sustainable development targets.

Biodiversity

4.87 A key output for is to provide a matrix of habitats across the Defence Estates training estate that is able to provide realistic yet challenging scenarios for our Armed Forces. The MOD has responsibility for some of the most unspoilt and remote areas in the UK. Of the priority habitats and species highlighted as being under threat in the UK Government Biodiversity Action Plan, 37 habitats and 139 species occur on our rural and built estate.

4.88 Whilst resources such as biodiversity and soils are often thought of as 'renewable', they can be inadvertently exploited to the extent that long-term irreversible damage will be caused. The MOD is determined to ensure that this does not happen on its estate. MOD considers land to be an asset and manages it in a way that allows us both to use it for training now and in the future and to conserve and, where appropriate, enhance the biodiversity for which we are responsible. MOD has developed in consultation with Natural England a five year rolling programme of capital and maintenance works that will deliver agreed remedies until 2015. We are already well on the way to meeting the pan-Government target on biodiversity with 91.5% of our Sites of Special Scientific Interest in target condition in England at the end of March 2009 against a target of 95% by 2010.

⁹ BREEAM is the leading and most widely used environmental assessment method for buildings. DREAM is a similar tool allowing assessment of buildings including those which are unique to the Defence estate.

Waste Management on HMS Ocean



Heritage

4.89 The MOD is responsible for over half the Government's historic estate including 797 listed buildings and 737 scheduled monuments. The estate lies within the boundaries of ten World Heritage Sites e.g. Jurassic Coast and the City of Bath and a number of Conservation Areas like the Haslar Peninsular. Nine sites have a registered park or garden and part of the registered battlefield of Edgehill is within the boundary of Defence Storage and Distribution Agency Kineton. The role that the estate heritage plays in supporting the ethos of the Services is recognised and is taken into account along with our wider heritage commitments as part of estate management process.

Creating Sustainable Communities and a Fairer World

4.90 Defence activities make a huge difference in the world and Defence cooperation underpins the UK's relationship with many countries. Our Defence Attachés, and the training we provide overseas and at home, help to raise the standard of Armed Forces globally, improving their ability to contribute to international peace and stability. We are at the centre of work to ensure that the UN, NATO and the European Union are able to play their part in delivering peace and stability.

4.91 The MOD's aim is for the delivery of the Defence capability to contribute to the creation of a fairer world, more sustainable communities and an environment in which people can fulfil their potential. We are working in many and varied ways to achieve this including contributing to disaster relief and counter drug operations across the world; as well as bomb disposal and air, sea and mountain rescue. MOD's agencies provide invaluable research and services. For more information see the MOD's Sustainable Development Report and Action Plan 2008.

Future

To be successful in the operations of tomorrow we must develop and build for the future by transforming Defence to provide more flexible Armed Forces to achieve greater effect and a more flexible, more efficient defence organisation. The objectives necessary to secure this transformation therefore feature in many parts of this plan but the central changes are set out in this section.

Using the Defence Balanced Scorecard the Defence Board has set the following challenge:

Are we efficient, responsible and respected?

And monitors three areas of activity:

.....
M. Future Capabilities: Develop the capabilities required to meet the tasks of tomorrow.
.....

N. Change: Develop flexible and efficient organisations, processes and behaviour to support the Armed Forces.
.....

O. Future Personnel: Deliver the personnel plans to meet the needs of current and future tasks.
.....

These three areas are described in more detail in the following section.



Section M

Future Capabilities

5.1 During 2008-09 we have continued implementing the force structure changes set out in the July 2004 Command Paper "Delivering Security in a Changing World: Future Capabilities." The progressive introduction of Network Enabled Capability is at the core of this as we enhance command, control and communications.

Defence Strategic Guidance

5.2 Defence Strategic Guidance (DSG) is the Defence Board's principal strategic direction to the department, providing the policy baseline against which key defence planning decisions are made. DSG 08 describes the policy and strategic context within we expect to operate, looking out to 2023. It establishes key planning parameters and priorities for resource allocation, the development of force structures and capabilities and informs all lower level strategies and plans. DSG 08 contains no major shifts in defence policy, maintaining the broad direction of travel defined in the Strategic Defence Review, the New Chapter and the 2003 Defence White Paper it better reflects the role of Defence in the National Security Strategy (NSS) and new Foreign and Commonwealth Office policy goals. DSG 08 is a classified document, although we are working on a version which we will publish in 2009 as part of our policy of maximising transparency.

5.3 Defence Planning Assumptions (DPAs) are a fundamental part of the DSG, providing the key interface between policy and planning and setting out what the Armed Forces should be capable of doing. In particular, they describe how many operations, and of what size, we are prepared to conduct concurrently; how large a force is likely to be required for such operations; the environments we are likely to operate in; how long we will be there; who we might form a coalition with; and how frequently we expect certain operations to occur. DPAs are also classified and normally updated after each departmental planning round to reflect any rebalancing of resources and priorities.

5.4 Defence Plan 2008-12, published in June 2008, sets out the department's objectives and spending plans over the Comprehensive Spending Round 2007 period (2008-09 to 2010-11). This includes the financial control totals for the Top Level Budgets in the department.

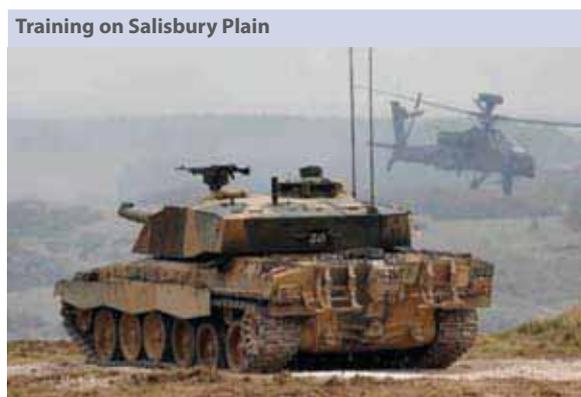
Single Service Capability Changes

Royal Navy

5.5 The Royal Navy Transformation Programme is now complete. During 2008 it was succeeded by a strategy of continuous improvement. Growing in-house capability has allowed us to replace the initial reliance on external consultants with a bespoke Royal Navy approach to continuous improvement, which has helped embed into the culture as 'the way we make the day job better'. The Continuous Improvement team provided support to all parts of the Navy as well as delivering influence by sharing their expertise and experience with other parts of the Armed Forces and other nations' militaries.

Army

5.6 Work continued to implement fully the key Army restructuring projects, notably the creation of a single Headquarters for Land Forces (which will move to Andover by 2012 under Project Hyperion) and the optimisation of the facilities around the Salisbury Plain training area.



5.7 Army evolution, throughout 2008-09, continued whilst delivering the optimum forces for current operations, including bringing the temporary HQ 6 Division and 11 Brigade towards maturity, in preparation for their deployments to Afghanistan in late 2009. Other temporary measures, to meet the demands of current operations designed to mitigate the impact of operations on harmony, while delivering theatre-specific capabilities included:

- 12 & 47 Regiments Royal Artillery being re-rolled from manning high velocity air defence weapons to crew the new mini-unmanned ariel vehicle, Desert Hawk, to support current operations in Afghanistan.

- Selected regiments within the Royal Armoured Corps rerolled to drive the Viking Armoured vehicles in Afghanistan. This commitment changes every six months depending on which Brigade is deployed on operations.
- 105 Military Working Dog Support Unit being created to make more dogs available for operations to search for explosives, weapons and drugs.

Royal Air Force

5.8 Following the substantial changes made to force structures in financial year 2007-08, with the creation of a single Air Command at High Wycombe, the RAF Transformation Plan continues to embed significant business process improvements. The decision was taken to replace the Harrier force in Operation HERRICK, Afghanistan with the Tornado GR4 by Summer 2009, primarily to facilitate recuperation and regeneration of core Harrier skills and give the force a rest after four years on continuous operations. It was also decided to begin the Tornado F3 force drawdown earlier than previously planned, easing manning shortfalls in other areas. This will now begin in 2009-10, with tasks being progressively handed over to Typhoon.

Future Equipment Capability Programmes

Equipment Examination

5.9 On 11 December 2008 the Secretary of State for Defence announced the completion of the examination of our equipment programme. This aimed to adapt to the rising cost of high end defence equipment and to increase the focus of the programme on support for current operations. The examination enabled decisions to be taken to bring the defence equipment programme more closely into balance with resources available.

5.10 The examination concluded that there was scope to delay the introduction of the two new aircraft carriers by one to two years. It also concluded that it made sense to defer the Fleet Tanker element of the Military Afloat Reach and Sustainability Programme and consider alternative procurement approaches. As a result the competition for the procurement of six Fleet Tankers has now been cancelled, and the requirements and procurement strategy are being reviewed. The equipment examination also concluded that, in the context of current operations and the recent investment in protected mobility (for example Mastiff and Ridgback vehicles), the highest priority should be accorded to the Warrior Capability Sustainment Programme and the Future

Rapid Effect System Scout vehicle. Against this background MOD has restructured the Future Rapid Effect System programme, giving priority to the Scout vehicle over the Utility Vehicle. This has caused a delay to the Utility Vehicle programme, but we recognise its importance and are now looking at the best way to take this procurement forward.

Major Equipment Programmes

5.11 Following the vote in Parliament that overwhelmingly supported Government proposals for replacing the nuclear deterrent, a replacement programme for the current Vanguard class submarines has continued. The initial gate business case is expected to be considered in the Autumn of 2009. This will set out the broad submarine and propulsion design options and will allow us to move forward with more detailed design work. We have also continued the programme of investment in sustaining capabilities at the Atomic Weapons Establishment, both to ensure the UK can maintain the existing warhead for as long as necessary and to enable us to develop a replacement warhead if that is required. A decision on this is likely to be necessary in the next Parliament and in preparation, work continues to review the optimum life of the existing warhead and to identify the replacement options.

HMS Vigilant, a Vanguard Class submarine, alongside No. 10 berth HM Naval Base Clyde



5.12 Pending satisfactory commercial arrangements, the MOD approved the future cannon for the Warrior Infantry Fighting Vehicle and the Future Rapid Effect System Scout vehicle, the 40mm Cased Telescoped Weapon System offered by CTAi, a joint venture between BAE Systems and Nexter. The Scout vehicle will replace elements of the Combat Vehicle Reconnaissance (Tracked) fleet currently deployed on operations. The specialist vehicle programme made good progress. It received approval to begin its Assessment Phase in June 2008 and the acquisition strategy is expected to be announced soon.

5.13 In May 2008 we announced that General Dynamics (UK) Ltd had been selected as the provisional preferred bidder for the Future Rapid Effect System Utility Vehicle Design. Unfortunately, agreement could not be reached on the commercial conditions required to enable further progress and, in December, MOD withdrew General Dynamic's provisional preferred bidder status.

5.14 Also during the year, we decided to take the opportunity presented by delays to the Terrier armoured earthmoving vehicle project to provide enhanced protection based on lessons from recent operational experience. While achievement of the enhanced design could lead to an extension to the demonstration and manufacturing phase of around 16 months, we believe that the improvements that can be achieved will be well worth the wait. BAE Systems, the prime contractor for Terrier, is working with us to minimise the delay.

5.15 Good progress is also being made on the £13Bn Future Strategic Tanker Aircraft private finance initiative, the contract for which was signed in March 2008. The first A330-200 wings were delivered in February 2009 and the first aircraft will enter service in 2011. They will provide the RAF with the modern air-to-air refuelling and passenger air transport capabilities that are essential for expeditionary operations.

5.16 The A400M programme has, however, encountered well-reported delays which create challenges for the future delivery of strategic and tactical airlift. A400M was due to come into service before the Hercules C-130K goes out of service in 2012, but Airbus Military have informed us that this will not happen, leaving the RAF with a potential capability gap. We are concerned by delays to the A400M programme and in discussion with partner nations, and the company, on the way forward. A number of options are being considered as a contingency to mitigate any potential capability gaps that may arise.

5.17 We continue to deliver significant enhancements to our Harrier and Tornado fleets to increase their effectiveness in the vital Close Air Support roles they have fulfilled in Iraq and Afghanistan. The Harrier fleet is being upgraded from GR7 to GR9 standard; this should be completed in 2009. The GR9 standard builds on the capabilities of the GR7, incorporating the ability to use a wide range of advanced precision weaponry, new communications, and systems and airframe upgrades. Both the equipment upgrade programmes to update Harrier and Tornado secure communications and tactical data links, through contracts with BAE Systems, announced in

January 2008, continue to progress. A new engine support contract for the Harrier Pegasus engine was announced in January 2009 delivering better value for money to Defence and improved support performance for the front line.

5.18 Weapons improvements include new Paveway IV precision guided bomb, which entered service with the Harriers in December 2008 and is being fitted to Tornados for service in Afghanistan. This highly sophisticated weapon will be used across MOD's fast jet fleet and provides a through-cloud day and night precision bombing capability, which can be guided onto target with global positioning system satellite technology, or laser guidance. The dual mode seeker Brimstone, entered service in December 2008 providing Tornado with increased target accuracy.

Typhoon dropping the first in-service bomb



5.19 Typhoon build up continues. On 1 July 2008 Typhoon was declared operational in the air to ground role, enabling its use for a broader range of operations. Negotiations on the third tranche of Typhoon continue with the NATO Eurofighter Tornado Management Agency (NETMA) in discussion with industry to get the best possible deal for the partner nations (UK, Germany, Italy and Spain).

5.20 Progress is being made on the delivery of the Joint Combat Aircraft capability, which will operate from the new aircraft carriers. On 18 March 2009, the Defence Secretary announced the UK's decision to purchase three Joint Strike Fighter test and evaluation aircraft. The JSF will replace the capability provided by the Harrier and provide the UK with a 'fifth-generation' aircraft, designed with stealth characteristics and advanced sensors.

5.21 More widely, in December 2008, we enhanced support arrangements for the RAF and Navy Sea King helicopter fleets over the next ten years by signing a contract with Rolls Royce for engine support. Sea Kings are an integral part of the UK helicopter force and deliver substantial effort on current operations in Afghanistan, as well as in its Search and Rescue tasks in the UK.

5.22 Following the equipment examination, MOD re-affirmed commitment to the future Lynx programme. This remains on target to deliver a new light helicopter for the Army and Royal Navy from 2014 and 2015 respectively. A review of light helicopter requirements in conjunction with work carried out with AgustaWestland to establish increased commonality between the Army and Royal Navy solutions, has allowed us to reduce the number of platforms we plan to acquire from 70 to 62, while giving the fleet as a whole greater versatility and flexibility.

5.23 A new thirteen year contract to support the Star Streak high velocity missile was placed in January 2009. Star Streak is a close air defence system with an advanced laser-guided weapon and is designed to counter threats from very-high-performance, low-flying aircraft and fast 'pop-up' strikes by helicopter attacks.

Network Enabled Capability

5.24 Network Enabled Capability (NEC) continues to be a critical enabler for all military tasks and therefore remains a very high Defence priority. Operational decision-making is quicker and situational awareness improved through access to more information. Analysis of information is more effective and results can be moved faster and more widely, allowing the opportunity for exploitation. Striking the right balance between funding capital projects and providing enablers remains a key challenge.

NEC on Military Operations

5.25 The impact of NEC on operations has continued to grow. The Joint Automated Deep Operations System provides a detailed battle space view for planning, coordination and targeting. Although the learning curve for deploying headquarters remains steep, each brigade builds on the understanding of the last, with the Joint Command and Control Battle Laboratory now playing an important and developing role in the transfer of knowledge between formations. As we evolve, our investment is also having welcome, but unexpected, benefits. A field hospital was able to improve its planning time to receive casualties by over ten minutes because of better information.

Defence Information Infrastructure

MOD Main Building, Whitehall



5.26 The Defence Information Infrastructure (DII) was conceived in 1998 under the Strategic Defence Review. The DII programme will provide an integrated information infrastructure for Defence that allows us to improve ways of working and exploit information. It is also an enabler of many other Defence change programmes and a key enabler of NEC. By the end of 2008-09 just over 70,000 terminals had been delivered to over 630 sites, supporting in excess of 166,000 users. Other significant milestones during the year included:

- DII(Future) rollout commenced to the major headquarters at Main Building, Navy Command, Air Command and the Permanent Joint Headquarters. This was supported by software enhancements in the Restricted and Secret environments.
- The DII (Top Secret) Increment 2c contract was signed in January 2009 for the development and delivery of terminals and software to the above Secret environment.
- The Public Accounts Committee made 11 recommendations following the National Audit Office's report on the programme; all have been accepted and are being taken forward.

A Royal Marine launches a prototype robotic vehicle called Testudo at the unveiling of the Defence Technology Plan at Main Building



Science, Innovation & Technology

5.27 Science, innovation and technology throughout Defence is primarily provided through the Science Innovation Technology Top Level Budget, including support to decision making, developing and implementing technical solutions, supporting operations with analysis and reducing risk. Military and commercial technological developments across the world are monitored to identify developing threats and opportunities. International research collaboration with Allies helps with cost and risk minimisation and expands our research capabilities. Defence research enhances existing technologies, identifies and develops emerging technologies, and supports their cost effective implementation.

Technology Partnership

5.28 In 2008-09, the National Defence Industries Council Research and Development Group established three sub-groups: Strategic Engagement, New Business Models, and Systems Engineering and Open Architectures. The objective was to identify clear recommendations that will lead to more effective planning of defence research and development expenditure in the UK. Although the work of these sub-groups is not yet complete,

the output was published in the "Technology Partnership in Defence" paper in 2008 and is indicative of the new spirit of co-operation between industry and the MOD.

Innovation

5.29 Innovation in Defence is central to providing improved equipment, processes and services to our Armed Forces. We drive innovation by generating and exploiting new or novel applications of technology, processes and services. The Government's "Innovation Nation" White Paper, published in March 2008, committed all departments to produce an Innovation Procurement Plan. The MOD was the first department to fulfil this commitment and the Defence Technology Plan, published in February 2009, formed the final item in the suite of published documents and initiatives that form our Innovation Procurement Plan.

Table 5.1 – The Defence Innovation Procurement Plan Elements

Defence Industrial Strategy
Defence Technology Strategy
MOD Innovation Strategy
Defence Technology Plan
MOD Supply Network Policy
Defence Acquisition High Level Blueprint
NDIC Research and Development Group
Technology Partnership in Defence
Centre for Defence Enterprise
The Grand Challenge
Defence Technology Centres

Support to Operations

5.30 Our Armed Forces on operations continued to face serious threats from insurgent forces during 2008-09. Improvised weapons and explosive devices are a particular concern since they currently account for the greatest loss of coalition forces in Afghanistan. In response we continued to draw heavily on our science and technology resources to provide direct advice and support to commanders in theatre and to develop and integrate improved protective measures and mission-critical capabilities that were rapidly procured, primarily as Urgent Operational Requirements. Scientific advisers and operational analysts were permanently deployed with UK forces in both Iraq and Afghanistan, supported by numerous experts and consultants who joined for specific trials, exploitation or integration issues as required. These experts are supported by a well-established, "round the clock" ability to rapidly reach back to the UK research

community for advice and support, both in Government and industry.

Effective support to current and future equipment programmes

5.31 We held a future unmanned vehicle event in March 2009 as part of national science and engineering week. This was organised with industry partners to highlight the importance of science and technology in providing cutting-edge equipment for UK Armed Forces – now and in the future. Unmanned vehicles, already in use for a wide range of purposes, were demonstrated, including Reaper and Desert Hawk aerial vehicles, and the Wheelbarrow Mark 8b Heavy Remote Controlled Vehicle for explosive ordnance disposal. A glimpse forward in time was provided through a highly dextrous robotic hand, which could eventually be vehicle mounted to help the Armed Forces to dispose of explosive devices more safely.

Grand Challenge

The Grand Challenge competition aimed to provide an opening into the UK defence market for new innovators and suppliers. The challenge was *“to create a system with a high degree of autonomy that can detect, identify, locate and report a comprehensive range of military threats in an urban environment”*. The competition received significant interest from across the UK science and technology base, large and small companies, research laboratories and academic science faculties. A total of 23 proposals were received and six teams competed in the grand finale at Copehill Down Training Village on Salisbury Plain in August 2008.

Team Stellar were the overall winners with their Sensing and Autonomous Tactical Urban Reconnaissance Network (SATURN) a high and medium level unmanned air vehicle, an unmanned ground vehicle and a control station fusing visual, thermal and radar data. They have since been awarded a contract for a 100 day ‘Proof of Principle’ programme to develop SATURN further.

Team Swarm won the Most Innovative Idea prize with multiple autonomous quadrotor micro aerial vehicles (MAVs) called ‘Owls’. They fly in swarms performing pre-programmed flight paths whilst scanning the area using high resolution visual cameras. The swarm formation allows the MAVs to view the area from all angles. Threats are identified autonomously from the images collected by a programme hosted on the ground control station. Swarm Systems have been awarded a contract to develop these MAVs.

Mindsheet Management and Technology Services demonstrated a fleet of four Unmanned Ground Vehicles (UGVs). The UGVs were fitted with thermal imaging and motion detectors to aid threat detection, and ultrasound to sense and avoid. The UGVs are low cost, highly manoeuvrable and fast. A contract has also been awarded to take them to a more rugged and user-friendly level of capability.

The Centre for Defence Enterprise

5.32 The Centre for Defence Enterprise (CDE), launched in May 2008, is a first point of contact for anyone with a disruptive technology, new process or innovation that has a potential defence application. It brings together innovation and investment for the defence market, and looks to engage small and medium sized enterprises (SMEs), prime contractors and universities and is particularly keen to work with those who are new to defence. CDE runs monthly seminars to explain our research requirements and provide networking opportunities. It can assess business proposals in as little as 15 days using an internet-based application process. In its first nine months CDE assessed over 250 research proposals. Thirty five contracts have been let, with approximately 70% of these going to SMEs. Awarded contracts include d3o Labs who are developing their novel material for flexible shock absorption into a helmet liner and Teledyne Defence Limited who are developing their low visibility landing aid to counter problems caused by helicopter downdraft.

Research

5.33 The Defence Technology Plan (DTP), launched in February 2009, is the first time we have openly advertised our technology needs to the whole of the UK science and technology supplier base and represents a major change for MOD research. It builds on the Defence Technology Strategy and contains a list of our current Research and Development (R&D) priorities. The DTP provides clear direction to the R&D community on investment in defence technology, aiming to encourage fresh and innovative thinking. The DTP is available at www.science.mod.uk. The online format allows regular updates so industry and academia can better direct investment in defence science and technology.

5.34 Working alongside the mainstream research programme, Capability Visions add a further dimension in the drive to get the best innovation from the UK science and technology community to deliver step changes in key military capabilities. Capability Visions identify innovative options to

address long-term defence challenges with the aim of stimulating new activity in the wider R&D community and acting as a guide for suppliers to seek new applications for existing technologies. The five Capability Visions are: future protected vehicle, novel air concept, reduced operational dependency on fossil fuels, reducing the burden on the dismounted soldier and electronics defeat. They were chosen as areas where development of new technology could lead to significant future benefits when our current world-class capabilities become out-dated.

5.35 During the year MOD placed £537M of research contracts (£531M in 2007-08). This included:

- Understanding of materials and explosive effects from the PARSIFAL project led to improved survivability of vehicles from attacks against their underbelly with improvised explosive devices, modular side protection and textile armour system for protection against rocket propelled grenades.
- Development and ruggedisation of an easy-to-operate and highly agile Unmanned Ground Vehicle (UGV), first demonstrated at the Grand Challenge, fitted with thermal imaging and motion detectors to aid threat detection and ultrasound to sense and avoid obstacles.
- The build and demonstration a highly dexterous robotic hand, which could eventually help the Armed Forces to dispose of Explosive Devices more safely.
- Evolution of a specially engineered shock absorption material currently used in extreme sports equipment for use as a helmet liner.
- Modifications to the chinstrap for the Mk6 and Mk6A helmets provided greater helmet stability on the head and improved comfort and fit via an innovative and world-leading design.
- Improvement of an integrated urban autonomous reconnaissance system comprising a high-altitude Unmanned Aerial Vehicle (UAV), a micro UAV for low-level surveillance and a UGV. A control station fuses data from visual, thermal and radar sensors to run through an automatic threat detection system.
- Development of a co-operative swarm of micro UAVs that can perform pre-programmed flight paths whilst scanning an area using high resolution visual cameras and autonomously identifying threats.
- The design, build and testing of a prototype radar optimised to give warning against the threat of artillery rockets.
- Development of a novel radar technology to counter issues of reduced visibility for helicopter pilots from downdraft in dusty conditions and help to land safely during a 'brownout'.
- Thin flank arrays on the Astute class submarines offer a simpler and lighter system with better performance making it the stealthiest submarine to date.
- The Portable Integrated Battlespace Bio-Detection system with the capability to detect bacteria, viruses, toxins and spores in one 'suitcase-sized' instrument.
- A highly-portable, wireless, projectile camera that provides 360-degree video coverage even in flight after being thrown and uses new approach to image stabilisation that fully developed could have a wide range of applications across defence.

Section N

Change

5.36 During 2008-09 the MOD continued to make good progress across a wide front on what is probably the most extensive and far reaching change programme underway in any Government department. We are determined to increase efficiency within the department and continue to improve the support provided to the Armed Forces, particularly to elements committed to current military operations. The savings we generate through change help provide greater frontline capability than would otherwise be the case. Progress on the main initiatives is reviewed below.

Capability Review Update

5.37 The second Capability Review of the MOD was published in March 2009. This was an external assessment of the department's ability to deliver now and in the future, carried out as part of the wider Civil Service Capability Review Programme, following on from the MOD's initial review in 2007. The Review assessed the MOD against a model of capability covering leadership, strategy and delivery. It focused on the MOD as a Department of State and did not assess our role as the UK strategic military headquarters.

5.38 The MOD came out of the 2007 Capability Review as one of the stronger departments. However, that report also identified some areas for action relating to corporate leadership, perceived 'insularity' from the rest of Whitehall, and human capability. In response, we undertook a programme of improvements. A Streamlining programme was launched to deliver a head office that is cheaper, simpler, clearer and more effective and we are on track to deliver one that is 25% smaller and focuses only on essential functions (see below for a fuller description). In addition, MOD reconfigured its overall governance structure to enable better corporate leadership to Defence. The Defence Board has started to improve the dialogue it has with the department as a whole, as part of its commitment to leading change. We also worked hard to ensure Defence plays a full part in Whitehall. Work has started on an overarching strategy for Defence. Significant progress was also made in developing human capability with the approval of a civilian workforce strategy, an integrated civilian and military skills strategy and initiatives to improve the quality of line management.

5.39 The latest Capability Review at the beginning of 2009 recognised the progress we have made.

Of the ten elements in the review's model of capability, our capability for future delivery was assessed as having improved in two areas since 2007, with no areas for "urgent development" or of "serious concern". Overall, the Review found that the MOD has a sound platform on which to build for the future and recognises the efforts made to implement the recommendations of the initial Capability Review. Considerable progress was said to have been made in clarifying roles and responsibilities and praise was given for better engagement with the rest of Whitehall, notably for our role in important cross-departmental work like the National Security Strategy and the Service Personnel Command Paper. The Review also acknowledged the progress made in building and strengthening the MOD's senior leadership team at and below Defence Board level. The work to produce an overarching strategy for the department was welcomed.

Whitehall and surrounding area as seen from the air



5.40 The Review also made some recommendations for further improvement. The main ones were that we need to increase the pace of change in implementing the Capability Review's findings and to produce a departmental strategy that spans operational and non-operational activities, aligning priorities with resources in both the medium and long-term. To address these, MOD has committed to a number of actions, which will be taken forward through a Capability Review Implementation Plan. Specifically, we will:

- Build a stronger and more visible corporate leadership;
- Develop an overarching strategy for the department;
- Redouble our efforts to build capability in our civil servants;
- Continue to streamline departmental head office and improve ways of working; and

- Further improve our relationships across Whitehall.

Defence Industrial Strategy

5.41 The UK Defence Industrial Strategy (DIS) aims to ensure the Armed Forces are provided with the equipment they require, on time, and at best value for money. The DIS promotes a sustainable defence industrial base that maintains in the UK those industrial capabilities (including infrastructure, skills, intellectual property and capacity) needed to ensure national security.

5.42 The DIS aims to give industry a clear idea of MOD priorities; allowing industry to make informed decisions on investment and restructuring. The overall aim is a competitive and lean industrial base which provides security of supply for critical Defence capabilities and provides value for money. It achieves this objective by:

- Providing clarity on MOD's future requirements;
- Defining our need for operational sovereignty, and which industrial capabilities we need to retain in the UK;
- Signalling the need for industry restructuring and efficiency improvement;
- Changing our relationships with industry; and
- Reforming our acquisition systems and behaviours.

Defence Acquisition Change Programme

5.43 The Defence Acquisition Change Programme (DACP) was set up in 2006 to deliver the changes to process, organisation, culture and behaviours recommended in the Enabling Acquisition Change report of July 2006. These changes were designed to improve the provision of battle-winning capability for Defence and value for money for the taxpayer, by creating a more agile acquisition system and one better able to manage capability through life. The major structural, organisational and process changes were implemented in 2007-08 and described in last year's report.

5.44 In 2008-09 we have progressively consolidated those changes into normal business whilst continuing to push the boundaries of acquisition reform. Latterly, we have concentrated on three main areas: extending through life capability management fully into capability delivery; further developing the Defence Equipment & Support Top Level Budget; and strengthening the commercial function. Other DACP initiatives over the past year have included:

- Going live with the web-based Acquisition Operating Framework (www.aof.mod.uk), a widely accessible source of acquisition guidance at the strategic, operational and tactical levels;
- Developing and launching the Defence Technology Plan;
- Capability investigations with industry to promote early engagement and greater realism in capability planning and requirements setting;
- Developing a decision support tool to help projects and programmes select appropriate acquisition strategies; and
- Producing an interim high level acquisition blueprint describing the MOD's current acquisition system and our vision for how it in 2012.

5.45 DACP came to an end as a formal change programme as planned on 31 March 2009. But the core strands of work are being taken forward by the areas concerned, consistent with the high level blueprint. The 2nd Permanent Under Secretary has assumed responsibility for the strategic leadership and coordination of this work, supported by a small central team. The Secretary of State has asked Bernard Gray to examine progress with implementing DACP reforms and to consider what more might be done to secure better value for money in the delivery of major acquisition programmes.

Defence Change Portfolio

5.46 Since 2002, the MOD has overseen the management of its major business change initiatives through the Defence Change Portfolio (DCP). Whilst Senior Responsible Owners (SROs) are fully accountable to the Defence Board for delivering their change programmes, the DCP was established to provide clear central direction, to overcome initiative overload, to provide challenge and support to SROs, and to ensure top management engagement (principally the 2nd Permanent Under Secretary) in the most important change activities. Whilst the DCP management arrangements have been streamlined over the past year, it continues to fulfil these key functions and measures well against emerging best practice in portfolio management set by the Office of Government Commerce.

5.47 The DCP represents a long term commitment to improved delivery. The portfolio is dynamic; new programmes are brought in as needed to benefit from the strong central direction and mature programmes which have achieved their outcomes are graduated from the portfolio. Following the end of the 2004 Spending Review period (to 31 March 2008), a number programmes, whose benefits will

be sustained in normal business, graduated from the portfolio:

- **Joint Personnel Administration (JPA)** supports UK defence capability through the provision of high quality personnel administration and information services on a harmonised, modernised and simplified basis. JPA has been delivered through a single commercial-off-the-shelf IT package by the Service Personnel and Veterans' Agency (SPVA) in conjunction with its commercial partner Electronic Data Systems (EDS). In addition to IT, the programme included significant business change, with outsourcing of certain administrative and support functions. Financial benefits of over £470M are forecast to be realised over a ten year period to support investment in the front line. JPA is also delivering significant business benefits. Further work is required to optimise the system and, in particular to address key financial management issues. However, the system and business processes in place provide a sound platform for taking the MOD towards achievement of the JPA Vision and it is on this basis that the programme has graduated from the DCP.
- The **People Programme** aimed to transform the Civilian Human Resource (HR) function and to improve the civilian contribution to defence through building capability in the MOD. By March 2009 it had successfully completed the initial planned changes to civilian HR policies and processes, most significantly the implementation of a new information system and formation of the People Pay and Pensions Agency (PPPA). (See paragraph 5.53 for fuller description of the achievements of the PPPA). The People Programme achieved savings in excess of £130M over the four years of the programme.
- The **Defence Logistic Transformation Programme** aimed to deliver better logistic support to the front line through improving effectiveness, efficiency and flexibility. The programme delivered the last of its benefits (to a total of £1376M) during 2007-08 and, following their validation, was successfully graduated out of the Defence Change Portfolio in October 2008.
- The **Defence Acquisition Change Programme** (described above at paragraph 5.43) – having come to an end on 31 March 2009.
- The **RAF Single Headquarters** Programme successfully co-located the two former RAF Headquarters, HQ Strike Command and HQ Personnel and Training Command into one, which became HQ AIR Command, with benefits

in effectiveness, estate rationalisation and improved ways of working.

- The **Defence Travel Modernisation (DTM)** programme has now completed all its major milestones, improving the effectiveness of the travel process for the user while delivering efficiencies, estimated to be in excess of £250M over five years. Individuals are now provided with a capability that allows them to define their travel needs and make bookings for either simple or complex journeys. It provides more harmonised and simplified policies and business processes and is underpinned by a modern, commercial standard, software application.

The Joint Personnel Administration

The 2007-08 Departmental Resource Accounts were qualified by the National Audit Office (NAO) on the basis that they had not been given sufficient audit evidence to support allowances paid to military personnel, (a "limitation of scope" qualification). In addition, the Comptroller & Auditor General highlighted a number of major issues within the military payroll process and the Joint Personnel Administration (JPA), including the level of data error. In particular attention was drawn to the:

- Lack of an adequate control framework to support MOD's risk management strategy,
- Inability to validate military payroll costs at budget management level,
- Inadequate controls over the payment of allowances and cash advances, and
- Too many Control Accounts* unreconciled.

The NAO audit work on 2008-09 military pay transactions has revealed material errors in specialist pay, allowances and expenses, resulting in the qualification of the 2008-09 Resource Accounts. The errors have largely arisen due to complexity in the allowances and pay regulations and shortcomings in the inputting and maintenance of data by Service personnel and Unit staff. Some errors were identified in basic service pay but these were not considered material.

The MOD acknowledged the shortcomings identified by the NAO in the 2007-08 audit and initiated, through the Service Personnel & Veterans Agency (SPVA) and the Services, an aggressive program of work to deal with them. Progress with this work is summarised below.

Provision of audit evidence to support allowance payments. A new process for providing audit evidence on military payroll transactions has been put in place. Transactional data is provided directly from the Department's Financial Management system and is then sampled by NAO. SPVA then provide the underlying transaction details from the JPA system, which in turn is passed to the three Single Service JPA focal points who have responsibility for gathering and collating evidence for NAO review. This process has worked successfully and the NAO qualification in respect of limitation of scope due to insufficient evidence has been removed. However, in other areas the level of audit evidence currently provided requires further work.

Control Framework. A formal programme of work has been started to document all military human resources processes, taking an end-to-end view of the military payroll process and involving our payroll application provider (EDS). This enables the identification of key process steps and process interactions, highlights relevant controls which will need to be validated. It also enables risks to be registered and mitigation agreed by the appropriate risk owner. The Risk Register is a 'living document' used to ensure risks are being adequately managed at all levels. A Control Framework team are becoming increasingly involved in process change to ensure controls and risks are correctly managed going forward.

Validation of Military Payroll Costs. Top Level Budget (TLB) staff access to JPA data has been improved, enabling them to see JPA data. Some issues remain, including with respect to access to certain secure data which is limited to a few users within each TLB. A suite of management information reports has been developed, enabling appropriate users to obtain consistent answers to payroll enquires. Further improvements will be linked to work currently being undertaken to improve financial management information across the Department as a whole.

Inadequate Controls on Payments. A considerable amount of effort has been devoted to this area. An initial programme of work has been completed to correct the most urgent issues including checks on high value payments and caps on certain allowance payments to prevent significant error, recovery of erroneous overpayments from both serving and post-service individuals, controls on Financial Retention Incentives, correcting the accounting for manually input "balance adjustments" and initiating process improvements as necessary, for example with respect to Early Payments in Cash. This work continues and a "Stage 2" programme has now commenced.

Control Account Reconciliation. A programme of improvement was agreed with EDS and this has been implemented during the latter half of 2008-09. It has resulted in the progressive reduction in the number of unreconciled accounts, with all but one (out of 82) being substantially reconciled as at 31 March 2009. A process of enhanced scrutiny of the accounts has been introduced and this has ensured that account balances are minimised and reflect a true view of the state of transactions held in suspense and shown in the Department's Balance Sheet. Additionally, the number of old pre-JPA Control Accounts has been reduced - albeit with write-off action required in several cases to facilitate closure. Pressure is being maintained to ensure the progress on reconciliation is maintained.

Other Developments. A Payroll Control and Accounting team has been established to ensure that all aspects of payroll accounting are correctly and fully undertaken. This team has been paramount in every part of the improvements reported above. Additionally, the team has been the point of contact for the 2008-09 NAO audit and has ensured that all the NAO data sampling requirements, process questions and request for information were fully met and delivered to the agreed timetable.

Next Steps. Work is beginning to establish why the controls in place during 2008-09 did not detect and prevent the errors identified by NAO. This will inform the Control Framework project, which will establish what changes to existing controls and compliance checks might be required and what new controls ought to be put in place.

JPA systems sit in the middle of the larger military payroll process (that starts with an individual Serviceperson in a unit and ends with TLB Budget Managers). Therefore, in order to make further sustainable progress, issues and changes must be viewed across a spectrum which is significantly broader than JPA. This approach has already been adopted for the work on the control framework and will be employed, where appropriate, within other areas of change and development.

Much has been accomplished in the past year but there remains a significant amount of work still to be completed and the MOD is not complacent about the challenges it faces in delivering this. Resources and plans are in place to ensure full completion is achieved and senior managers, under the Defence Operating Board, are actively engaged in supporting these activities.

*A Control Account is a temporary holding account into which funds are placed prior to disbursement. Once payments have been made the transactions are reconciled against sum in the control account to provide evidence of how the funds have been used.

A GRTCH operated by the UK Logistics Support Battalion moving equipment containers at Kandahar airfield



Defence Change Portfolio Current Programmes

5.48 Programmes remaining in the portfolio are organised under four main headings. Notable achievements for each area during 2008-09 are below:

a) Departmental Infrastructure Processes

- The **Defence Electronic Commerce Service (DECS)**, is an outsourced service that seeks to enable MOD and industry to achieve efficiency savings through the delivery of application services and guidance on best commercial practice. All IT procurement through the MOD's Information and Communication Services catalogue is now conducted through DECS and the introduction of the stationary catalogue extends usage across all budget areas. A new

capability also delivered in the last year enables selected MOD personnel to access their HR systems from the Internet. One example of the benefits is that military personnel on detached duty with other nations are able to continue to access their HR system.

- The **Defence Information Infrastructure (DII)** programme remains part of the portfolio and is described at paragraphs 5.26 onwards.

b) People Processes

- **Defence Training Review Package 1** aims to provide modern, flexible and responsive specialist individual training by modernising training delivery and facilities, using new technologies and innovative approaches to learning on a reduced training estate. Considerable progress has been made during 2008-9, in particular in negotiations with the preferred bidder – the Metrix consortium. Subject to gaining approvals, it is expected that the PFI contract will be formally let during 2010-11.
- The **Defence Training Review Package 2** programme aims to provide modern, flexible and responsive individual Logistics, Personnel Administration, Policing and Guarding training by modernising training delivery and facilities on a reduced training estate, utilising new technologies and innovative approaches to learning. Package 2 is in its early stages, with focus during 2008-09 on the formation of a programme team and gaining approval to undertake a two year assessment of options.
- The **Defence Health Change Programme** aims to strengthen the core capabilities of the Defence Medical Services, producing an infrastructure for the 21st Century by delivering a series of change programmes that will provide new information capability, a co-located Strategic Medical HQ and Joint Medical Command, responsible for strategy and policy, and delivery of joint capabilities. The Defence Medical Information Capability Programme continued to roll out to sites in the UK and Germany throughout 2008-09. Building commenced at Whittington Barracks, near Lichfield, in November 2008 on the co-located Medical HQ and acquisition of a new Medical Training Centre has commenced with the engagement of potential suppliers. In addition, the Surgeon General has been established as the MOD's 'Process Owner' for Healthcare and Medical Operational capability. Clinical Governance has been revised and a Public Health Observatory has been put in place to analyse the health needs of the Armed Forces.

- The **United Kingdom Military Flying Training System** seeks to replace the present flying training arrangements with one tri-service programme for the entire front line, from fast jet pilots and weapons system officers to helicopter and multi-engine pilots, and rear crew disciplines. In June 2008 a Training System Partner contract was placed with Ascent; a 50:50 joint venture between Lockheed Martin and VT Group. A combined Headquarters has been set up with Ascent collocated with MOD acquisition staff and the incremental process of designing and then acquiring the new system has commenced. The first increment of capability, the ground based training environment at RAF Valley, is now on contract and building work is advancing on this site.
- **Defence Individual Training Management** is an information systems enabled business change programme that will harmonise the individual training processes across the three Services through the replacement of legacy training management information systems by a new tri-Service system. In 2008-09, the programme began a dialogue with potential suppliers on possible information system solutions.

c) Acquisition Processes

- **Whole Fleet Management** is an incremental information system enabled change programme that will alter the way ground based equipment and vehicle fleets are managed for the next 25 years, and beyond. The delivery of the first increment of the system, JAMES 1, is 86% complete as at 31 March 2009 and is scheduled for final completion by November 2009. The development of temporary Controlled Humidity Environment storage at Stafford was completed in June 2008 and the Land Training Fleet (Warminster) reached Full Operating Capability on 1 April 2009. This will support training for Land Forces on the Salisbury Plain training area.

d) Management and Organisational Processes

- The **Streamlining** Programme is aimed at clarifying and simplifying the way the MOD operates, establishing an efficient and effective Head Office focussed only on strategic tasks and all operating in one building by October 2010. In doing so, it aims to reduce the costs and size of Head Office by 25%, thereby releasing resources to the front line. The new Head Office organisation began operating in April 2009 within a refreshed operating framework that provides clear roles and responsibilities, including

the new roles of Director General Strategy and Chief Information Officer. Already in place is the new Defence Governance structure (consisting of Defence Ministerial Committee, Defence Board and Defence Operating Board) which has been operating successfully for a year.

- Project **Hyperion** (establishing an integrated Headquarters Land Forces at Andover to command and direct the Army). Benefits include a more effective integrated HQ and a modern working environment, thereby improving staff morale and enabling more effective and efficient working and headcount reductions, potential disposal receipts. During 2008-09 HYPERION received formal approval for the required works; the contract has been let and is due to deliver new office accommodation by Summer 2010.
- The **Defence Intelligence Modernisation Programme** brings together new information system capabilities, modernised estates infrastructure, and supporting business change activities into a co-ordinated package aimed at improving the operational and business effectiveness of Defence intelligence. During 2008-09, Skanska UK was announced as the preferred bidder for the keystone project to build new facilities at Wyton for the National Imagery Exploitation Centre and other key Defence Intelligence Staff units, with a contract let in April 2009. Planning is underway to prepare key imagery intelligence and other information systems to migrate to the new site, as well as to maximise the efficiency of the collocated organisations.
- The Germany re-basing (**BORONA**) programme aims to implement endorsed plans for the relocation of soldiers, and their families, to the UK, taking advantage of estate opportunities arising from estate rationalisation programmes and delivering significant financial benefits to Defence following the closure of sites in Germany. BORONA will move three major formations from Germany to the UK and the first of these, HQ Allied Rapid Reaction Corps, will involve 1,000 UK and NATO military personnel moving with their families to Innsworth, Gloucestershire in 2010. Construction works began at Innsworth in October 2008 and will continue throughout 2009-10 to ensure that the necessary office, technical and housing infrastructure will be ready for when the headquarters arrives. Plans for the future UK locations and timings of the moves of the other two formations (1 Signal Brigade and 102 Logistic Brigade) continue to be developed.

Developments In Acquisition – PACE

Having successfully merged the Defence Logistics Organisation (DLO) with the Defence Procurement Agency (DPA) in 2007 to form Defence Equipment and Support (DE&S), the PACE (Performance, Agility, Confidence and Efficiency) change programme builds directly on the previous departmental initiatives to improve equipment procurement and support.

Since formation, DE&S has consistently provided support of the highest calibre to the Armed Forces, not least in the successful execution of Urgent Operational Requirements (UORs) for our operations in Iraq and Afghanistan. However, the drive for greater effectiveness remains and PACE will provide the means by which DE&S can achieve this as part of the Defence Acquisition Change Programme (DACP).

PACE follows specifically from work carried out immediately after the merger of the DLO and DPA to look at the future options for the development of DE&S. The shift in focus of governance from project to programme level and the need for good through-life project management discipline remain critical to our approach.

Key Deliverables

The key elements of PACE are presented as three core projects – Capability Delivery, Flexible Resourcing and Collocation – with two more enduring efforts covering Leadership and “How We Work”.

Capability Delivery

This is the next step in embedding Through-Life Capability Management (TLCM), the approach by which we identify, plan and deliver the military capability needed by our Armed Forces and then support it throughout its life. As a result, projects and their associated Defence Lines of Development (DLOD) have been grouped together into about 40 capability-based programmes. DLODs cover elements such as equipment, training, doctrine, logistics and infrastructure. Programme Boards have been established with representatives from across the MOD. The first tranche of programmes was rolled out in November 2008, the second in January and the third in March 2009. Although early days, there has been significant progress – not least the ability of the Programme Boards to better understand the complexity of current plans, which means that they will be able to identify improved ways of delivering capability in their area for the future.

Flexible Resourcing

Flexible Resourcing gives MOD greater agility in deploying staff to where the business needs them most. This is a flexible way of tasking staff and utilising their skills within and, as appropriate, across Operating Centres to meet particular DE&S priorities. Following three successful pilots in 2008, the first increment of Flexible Resourcing has been rolled out across DE&S, starting in the areas that hosted the pilots. All areas of DE&S will be at a level of Flexible Resourcing that provides a basic capability within existing civilian staff Policy Rules and Guidance by March 2010. The pilots showed that Flexible Resourcing can work in a variety of DE&S working environments, providing both business benefits and a more rewarding way of working. The Flexible Resourcing project will provide a more systematic and consistent approach enabling DE&S to; make better use of the skills we have, identify skills shortfalls, prioritise activity and increase agility in response to change.

Collocation

The DE&S Board's strategic intent is that all office-based staff will be based in the Abbey Wood/Corsham headquarters unless there are good business reasons for them to be based elsewhere. Collocation of DE&S staff in a single location is essential if we are to drive more effective and more consistent delivery, reduce overheads, improve career prospects and mitigate medium-term business continuity risks caused by expecting staff to move across the country to support major elements of the business. As a consequence, DE&S will vacate RAF Wyton, Andover, Caversfield, London and the Bath sites by 2012. The successful conclusion of the collocation project is in itself a key enabler for the successful roll-out of both capability delivery and flexible resourcing. Major elements of collocation include the construction of a new building for some 600 staff at Abbey Wood and the “rebrigading” of staff already located there to improve coherence within DE&S operating centres. The Corsham New Environment project – for which the contract was placed in September 2008 – will provide accommodation under a 25-year PFI deal for a further 1,800 staff following a major redevelopment of the site.

Leadership and “How We Work”

A bespoke DE&S leadership framework model was launched in November 2008. It draws on the best of the civil and single-service leadership models to describe the behaviours DE&S leaders need to display in order to ensure our success in equipping and supporting the Armed Forces.

The ‘How We Work’ element of PACE groups a number of key people-related aspects together with specific initiatives to improve the internal “mechanics” of DE&S. These include improved knowledge and information management, integrated business planning and process improvement.

Section O

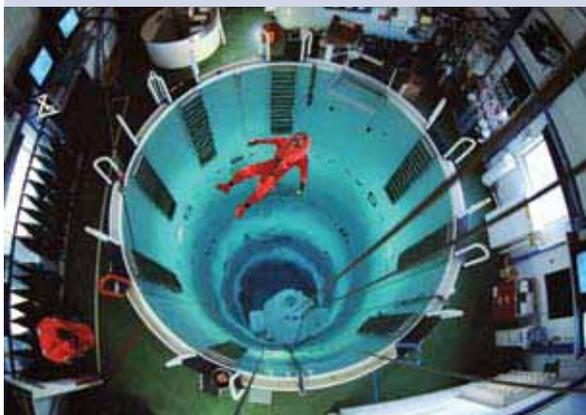
Future Personnel

Service Personnel Plan

5.49 Service in the Armed Forces makes extraordinary demands on our people. Just as these demands evolve, so too does the diverse range of aspirations and expectations that our people bring from the society they represent and defend. We must be as responsive to changes in society as we are to changes in the battlespace – and strive to understand them equally well. Recruiting and retaining good quality people is already a tough job and it will get tougher. We must ensure that we have timely and effective policies in place to attract the right people, to equip them with the right skills and to retain them by winning their trust and sustaining their morale. In a nutshell, this means sufficient, capable and motivated people – the people component of operational capability.

5.50 Delivery of the Service Personnel Plan depends on the integration of Joint and single-Service efforts to deliver benefit both to our people and to Defence as a whole. Whilst the Service Personnel Plan covers the entire range of Service personnel activity, achieving its intent depends on a combination of both Joint and single-Service measures. The Service Personnel Plan provides the conditions in which the single-Services can succeed but it cannot deliver the campaign objectives on its own – single-Service personnel strategies are also a vital component. The Service Personnel Plan (through the Service Personnel Programme) is intended to ensure that centre and single-Service measures are either common or harmonised to enable better recognition of personnel priorities across the department and ultimately for Defence.

Submarine Escape Training Tank at the former HMS Dolphin in Gosport



Skills Pledge and Apprenticeships

In 2006, the Government commissioned Lord Leitch to undertake an independent review of the UK's long term skills needs. The Review sets out a compelling vision for the UK. It shows that we must urgently raise achievements at all skill levels and recommends that the UK commit to becoming a world leader in skills by 2020, benchmarked against the upper quartile of the OECD. Along with all other Permanent Secretaries, Sir Bill Jeffrey, MOD's Permanent Secretary, signed a Skills Pledge in 2007. The Skills Pledge is a public commitment to offer all employees the opportunity to undertake a full Level 2 qualification and to develop their literacy and numeracy skills. The Skills Pledge also challenges departments to achieve 95% of their workforces trained to Full Level 2 by 2011. MOD has decided to focus on apprenticeships as the primary method of achieving the Skills Pledge target.

With over 8,700 completions in 2008-09 the MOD is already the largest public sector deliverer of apprenticeships. The vast majority are in the Armed Forces. To ensure that the wider civilian community can take advantage of apprenticeships, and in line with the department's Skills Pledge, the MOD is expanding apprenticeships for civilians across new subjects like business administration and customer service and making them available to people of all ages and levels of experience. In addition, we are targeting groups of staff such as security guards, caterers and individuals who have few formal qualifications and could benefit from completing an apprenticeship.

Apprenticeships are provided as 'work-based learning' and arranged between the line manager, individual and a dedicated assessor. The learning is tailored to the requirements of the job and is largely completed at the workplace, so time away from the job is minimised. This means that apprenticeships can suit those working alternative working patterns, shift workers and for those who are not office-based. One of the benefits of the programme is that learners and line managers get the maximum support from their assessor or trainer. Learners work at their own pace and are not in competition with others which makes it more suitable for those uncomfortable in a classroom environment and who prefer to learn from experience.

It is increasingly recognised that individuals demand accreditation for the learning they do and the skills they acquire. Gaining nationally recognised, portable qualifications is important in a competitive job market. At the same time, employers are recognising the value of accredited work-based skills and the improvements in performance that follow.

The Skills Pledge and apprenticeships are just the first step on the skills journey. We need to build on the achievements of the Skills Pledge and work towards Leitch's ambitions for Levels 3 and 4 (A level equivalent and beyond). The benefits for our people, their managers and Defence are many and varied.

Staff at a seminar



Building Capability in our Civil Servants

5.51 We continue to seek raised organisational performance by changing our working culture. Ownership of civilian people management and talent development is being transferred from Human Resources to the chain of command by:

- Building a new two-way commitment between Defence and our people with a strong focus on performance and accountability;
- Developing our leadership cadre below Defence Board level and engaging leaders, military as well as civilian, in talent management and succession planning;
- Pursuing our strategy for improving the skills of our workforce and delivering on our commitment to the skills agenda outlined in the Leitch Skills Review of 2006;
- Maintaining the focus needed to deliver the challenging targets in our diversity action plan; and
- Further reducing sick absence by improving well-being, physical and mental health.

5.52 During 2008-09 we have:

- Made good progress in creating a stronger sense of corporate leadership at Board level and below. MOD has introduced rigorous assessment processes for promotion to and within the Senior Civil Service (SCS); strengthened the approach to assessing and developing talent within the SCS; refocused our efforts on talent management

more generally; and significantly increased inward interchange to the SCS.

- Established robust succession plans for MOD's most senior civilian posts and made significant progress towards establishing succession plans for the rest of our SCS posts and, in some areas, certain Band B (Grade 6 and 7) posts.
- Replaced our Civilian Attitude Survey with a benchmarked and purpose built employee engagement survey – 'Your Say 2009' – which for the first time provides results that will enable us to drive ongoing improvements in organisational performance through action planning and target setting at local level.
- Launched our MOD Skills Strategy to build within MOD the capacity to understand and respond to skills needs, including expanding the number of apprenticeships we offer to civilians by more than 50% (to 470) to enable us to deliver on the Leitch Skills Pledge by 2011.
- Secured an assessment of 'well placed' for our Diversity Action Plan (in response to the Civil Service 'Promoting Equality, Valuing Diversity' strategy) which has key themes on behaviour and culture, leadership, talent management and representation.
- Secured a three year pay deal that will enable us to complete our five year pay strategy to deliver a simpler pay system with short generic pay scales and skills supplements linked to the market to ensure we can recruit and retain staff in specialist workforce groups crucial to delivering defence outputs.

Defence engineering and science group graduates at work in MOD



Tank crew participating in a 'virtual battle', aboard one of the CATT combat vehicle simulators



Modernising Personnel Services

5.53 Although our focus is on building capability we are also working to continuously improve our personnel services. The People Pay and Pensions Agency, which was established in April 2006 to provide pay, pensions and human resources to MOD civilians is now fully operational and launched a four year 'Maturity Programme' in June 2008. This will deliver significant additional cost savings and improve customer service. Comprising some 50 projects, it is organised in six work streams seeking to deliver:

- Improved end to end processes, reduced complexity and greater integration;
- Improved usability of policy material and guidance, supported by more integrated case and issue management;
- A single integrated service with clear transactional and specialist advice roles;
- Improved technology to standardise and automate process activities;
- Skills development, career paths and working practices to match the best in shared services;
- More integrated and reliable data, supporting intelligence about the department's staff and managers.

5.54 Achievements during 2008 were:

- Delivery of the first of three incremental improvements to our Internal recruitment processes to enable staff to change jobs within MOD;
- Launching a pilot version of our improved 'People Portal' to present HR policy material and guidance to a community of around 1000;
- Provision of internet access to our human resource management system for a pilot community of around 300 people at outlying MOD sites.



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