

**Ministry of Defence**

**Performance Update**

**2009-10**

(For the year ended 31 March 2010)

# Contents

## **1 - Performance against 2009-10 targets**

### **2 – Outputs**

- A. Current Operations
- B. Readiness
- C. Policy & Security Cooperation
- D. Reputation

### **3 – Resources**

- E. People
- F. Finance and Value For Money

### **4 – Enabling Process**

- G. Estate Management
- H. Military Equipment Procurement
- I. Infrastructure Procurement (Non Military Equipment Procurement).
- J. Security and Business Continuity
- K. Safety
- L. Sustainable Development

### **5 – Future**

- M. Future Capabilities
- N. Change

## PERFORMANCE AND KEY FACTS: 2009-10

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 2009-2013 reflects the outcome of the 2007 Comprehensive Spending Review conducted by the previous Government. It sets out the top level objectives the Department plans to deliver over 2009-13, providing the framework for the Defence Board's strategic management of the Department and for the Department's public performance reporting over this period. The Defence Plan is revised each year to reflect changes in priorities. This year will see major changes as a result of the SDSR.

1.2 This report is a comprehensive overview of UK Defence and how the Department has used the resources authorised by Parliament from April 2009 to March 2010. The reporting format followed is that of the Balanced Scorecard. The MOD has introduced a new performance management system for 2010-11. The format of next year's report may therefore be substantially different.

1.3 The SDSR (announced on 19 October 2010) established the policy framework for the Armed Forces and the capabilities that they will need to meet future challenges and achieve success on operations. As a result, there has been a change to future plans in some of the areas that have been reported. This document is a record of the position at the end of Financial Year 2009-10, and has not been updated to reflect these changes.

### **Defence Balanced Scorecard**

1.4 The Defence Balanced Scorecard for 2009-13 is shown below. The objectives that form the Defence Plan are shown in italics and are described in detail in subsequent pages.

Figure 1.1 – Defence Balanced Scorecard

**OUTPUTS**  
**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 prepared for Military Tasks as defined in Defence Strategic Guidance, in particular, contingent operations.*

**C. Policy Contributions & Security Cooperation:** *Global and regional reduction in conflict and its impact, and more effective international institutions; and Countering Terrorism: Prevent and Pursue.*

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

**RESOURCES**  
**Are we using and developing our resources to best effect?**

**E. Personnel:** *Provide sufficient, capable and motivated Service and civilian personnel to meet the requirements of Defence.*

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

**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.**

**ENABLING PROCESSES**  
**Are we efficient and responsible?**

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

**H. Military Equipment Procurement:** *Equip and support our people for operations now and in the future.*

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

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

**K Safety:** *A safe environment for our people.*

**L. Sustainable Development:** *Embed sustainable development principals into all areas of Defence business.*

**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 and processes to support Defence.*

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

## Performance Targets 2009-10

### Public Service Agreement Targets.

1.5 The MOD does not lead on any of the previous Administration's PSAs but has contributed to the following two PSAs:

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

1.6 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.

1.7 The MOD contribution is supported by Departmental Strategic Objective (DSO) 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). These DSOs may change under the current Administration.

1.8 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.
- **PURSUE.** Throughout the year we have maintained 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; these operations also support the protection of the public from terrorist attacks. Explosives Ordnance Disposal personnel have been called out over 2,850 times, which includes calls to dispose of unexploded wartime munitions.
- **PREPARE.** Military support to civil agencies in the UK has taken various forms, including for purposes associated with counter terrorism.

1.9 CONTEST has been widely publicised within MOD. Overseas, MOD has been engaged with priority countries in building counter terrorism capacity, has provided training to African nations to improve their capabilities for peacekeeping and other missions, and has supported seven UN operations. Further details are contained in the "Current Operations" chapter of the "Outputs" section.

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

1.10 The FCO leads on this PSA, with MOD and DfID contributing. This PSA has four indicators, set out below:

- Indicator 1: A downward trend in the number of conflicts globally, in particular in sub-Saharan Africa, Europe, Central and South Asia, and the Middle East and North Africa
- Indicator 2: Reduced impact of conflict in specific countries and regions (Afghanistan, Iraq, Balkans, Middle East, Sierra Leone, Democratic Republic of Congo and the Great Lakes region, Horn of Africa, Nigeria and Sudan)
- Indicator 3: More effective international institutions, better able to prevent, manage and resolve conflict and build peace
- Indicator 4: More effective UK capability to prevent, manage and resolve conflict and build peace

1.11 The MOD commitment to PSA 30 is set out in detail at paragraph 2.76. This contribution is supported by DSOs 1 and 2. Fuller details of MOD’s contribution to PSA 30 are contained in the “A - Current Operations” and “C - Policy” chapters of the “Outputs” section. PSA 30 performance is reported by the FCO on behalf of MOD and DFID and shows “some progress” across the year.

**Reporting Requirements**

1.12 Departments have been formally required to report publicly on progress against PSAs/ DSOs twice a year. The quarter two report (also sometimes known as the Autumn Performance Report) covers the first half of the financial year and is published in November or December. The Annual Report and Accounts (sometimes referred to as Spring Departmental reports) covers the whole financial year and is published in July. Notwithstanding the formal reporting requirement, MOD previously published a report for each of the four quarters of the financial year. Future external reporting is being considered by the Treasury.

1.13 DSO reporting in this period was conducted using the wording mandated by the Treasury in PES 2009-14.

<b>Table 1.1 – DSO Reporting Terminology</b>	
An evaluative element to this assessment for the overall DSO, chosen from the following four options:	
‘strong progress’	Where more than 50% of indicators had improved
‘some progress’	Where 50% or fewer indicators had improved
‘no progress’	Where no indicators had improved
‘not yet assessed’	‘not yet assessed’ should only be given where 50% or more of the indicators are yet to have even first time data produced on progress. Where some but less than 50% of the indicators fall into this category, those that do must still be counted in the

	calculation for the PSA/ DSO's overall assessment, e.g. strong progress is where more than 50% of 'all' indicators have seen improvement, not just 50% of the 'assessed' indicators
--	---

## Departmental Strategic Objectives

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

1.14 This target was 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 2009-10 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.** During 2009-10 the Armed Forces have again sustained a high tempo of operations in Afghanistan. In Iraq, the UK Training and Maritime Support Agreement came into force and the majority of UK Forces withdrew in July 2009. They have also undertaken the other military tasks required of them in the year. Success on operations continues to remain 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 17% in the last quarter of 2008-09 to 14% in the last quarter of 2009-10, largely due to the withdrawal from Iraq.

#### Current Operations and Military Tasks

1.15 The UK has continued to play a leading role in the NATO-led International Security Assistance Force (ISAF) in Afghanistan. ISAF remains NATO's largest ever mission, with 44 nations contributing some 85,800 troops as of February 2010. The mission is to prevent Afghanistan 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. During 2009-10 UK force levels progressively rose from 8,300 to 9,500. Task Force Helmand continued to focus its efforts on counter insurgency through targeting Taliban command and control structures to create the secure environment needed for development. In support of this, a number of major operations were carried out throughout the year. Details of these can be found in the “Outputs” section of this report.

1.16 The UK's Armed Forces completed a safe and orderly withdrawal from Iraq in July 2009, following the successful conclusion of operations in Basra in May. The Royal Navy, who have been engaged in the long task of rebuilding the Iraqi Navy since 2003, were invited to remain in Iraq, recognising the vital role the Iraqi Navy has to play in securing Iraq's territorial waters and offshore oil infrastructure. The number of UK Service personnel, and Defence civilians, dropped significantly following the completion of remaining tasks in Basra, where some 4,100 personnel had been deployed. Subsequently, the number of personnel deployed in Iraq remained constant at around 150.

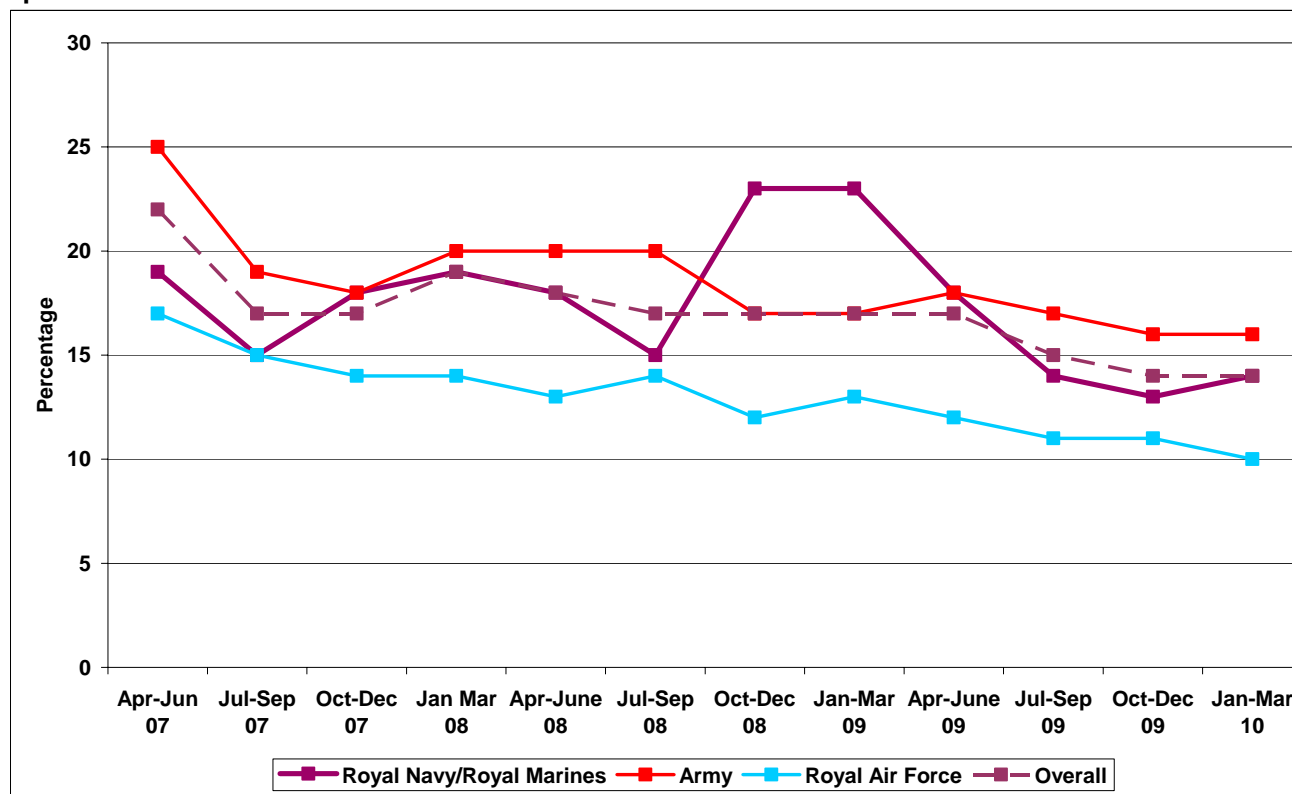
1.17 The last year has seen the maintenance of a safe and secure environment in Kosovo. As a result of this stability, NATO Ministers approved the move to the next phase of the NATO operation, Deterrent Presence, in June 2009. This saw a reduction in NATO troops from approximately 15,000 to 10,000 by the end of January 2010. The first local elections were held in November 2009 with no major incidents. On 1 June 2009 the UK base, Jubilee Barracks, was formally handed to the Portuguese after the withdrawal of the UK's Intelligence, Surveillance and Reconnaissance Task Force along with all associated UK support elements, having been judged to no longer be required by NATO's Supreme Allied Commander Europe. As a result of this drawdown, the UK's commitment to NATO's Kosovo Force (KFOR) has reduced from 170 personnel to two. The remaining UK personnel, one civilian and one military officer, are both members of the NATO Advisory Team tasked with setting up the Kosovo Security Force and the civilian-led Ministry that oversees it.

### **Activity Levels**

1.18 During the year the proportion of regular forces deployed on operations and undertaking other Military Tasks has also dropped from an annual mean of 17% during 2008-09 to 15% across 2009-10 (see Table 1.2). The reduction is principally due to the draw down in Iraq. Figure 1.1 sets out the annual average activity level by Service.



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



**Generate and Sustain Capability**

1.19 A detailed breakdown of the proportion of the Armed Forces deployed on contingent operations and undertaking Military Tasks during 2009-10 is in Table 1.2 below.

1.20 Table 1.2 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.

**Table 1.2 – Deployment Breakdown**

	Deployed on Contingent Operations				Undertaking Military Tasks			
	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan-Mar 10	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan-Mar 10
<b>Royal Navy</b>	5%	5%	7%	7%	13%	9%	8%	7%
<b>Army</b>	11%	10%	9%	9%	7%	7%	7%	7%
<b>Royal Air Force</b>	6%	5%	5%	5%	6%	6%	6%	5%
<b>Overall</b>	8%	8%	8%	8%	9%	7%	6%	6%

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

1.21 This DSO is supported by two Performance Indicators:

- **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 2009-10 against Departmental Strategic Objective 2

#### Overall assessment: Strong progress against this objective.

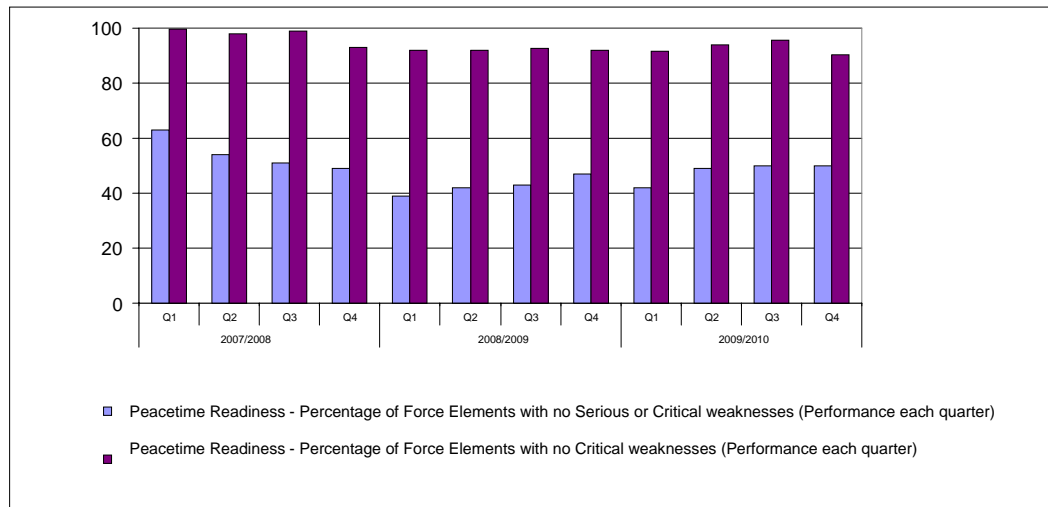
Summary assessment against PI.

*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.*

**Some progress.** Readiness levels have improved since the beginning of the year (see Figure 1.2).

1.22 The overall level of Force Elements demonstrating no SERIOUS or CRITICAL weakness has remained at 50% this quarter (the same as the Quarter 3 position) and reflects the heavy commitment to operations in Afghanistan and other Military Tasks. This is a considerable improvement from the position at Quarter 1 of 44% demonstrating no SERIOUS or CRITICAL weakness. The percentage of Force Elements showing no CRITICAL weakness has deteriorated slightly and reflects the heavy burden on certain Force Elements committed to current operations.

**Figure 1.2 - Contingent Readiness**



**Summary assessment against PI.**

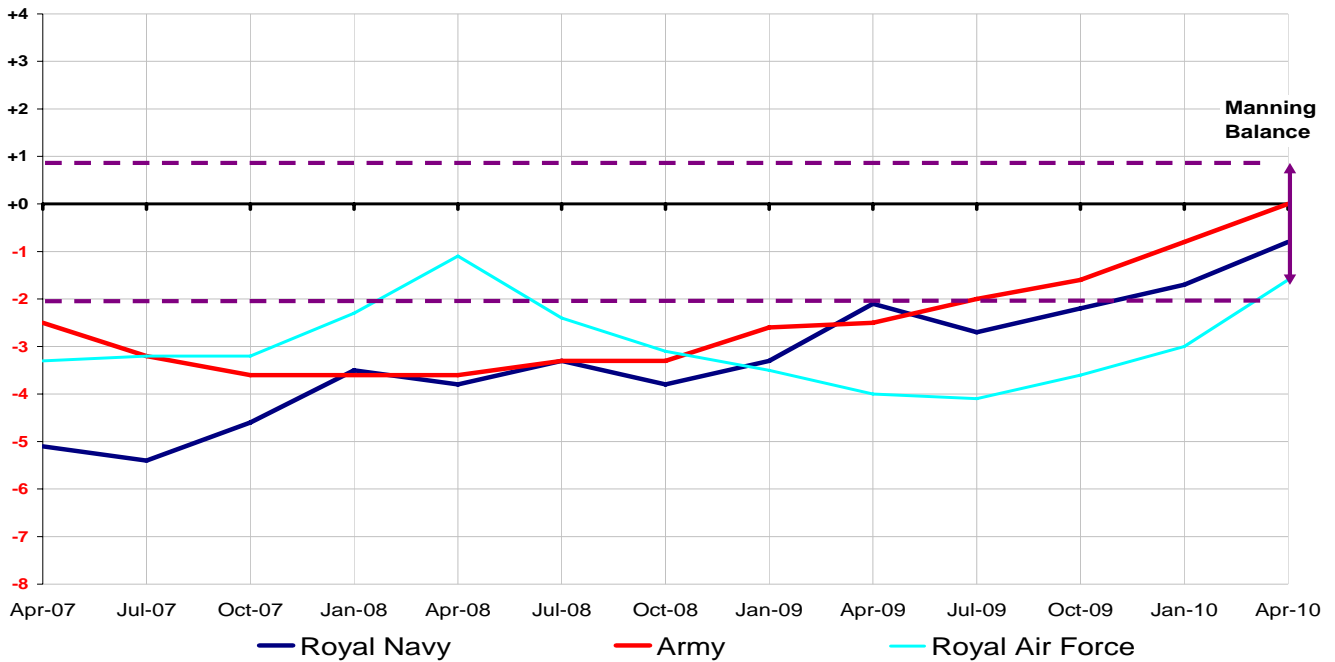
*PI 2.2: Manning Balance: Our ability to attract, recruit and retain the military personnel we need to deliver the capability to succeed on current operations and support our future readiness, assessed against what we deem to be the appropriate size and structure of the Armed Forces.*

**Strong progress.** Manning balances for each Service have improved during the year with the Naval Services and Army finishing the year in Manning Balance for the first time in three years.

As at 1 March 2010:

- Naval Service manning was at 99.2%, and in Manning Balance
- Army manning was at 100%, and in Manning Balance
- Royal Air Force manning was at 98.4%, and 0.5% below Manning Balance

Figure 1.3 - Manning Balance



### Departmental Strategic Objective 3: Build for the future.

1.23 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 2009-10 against Departmental Strategic Objective 3

**Overall assessment: Significant 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.*

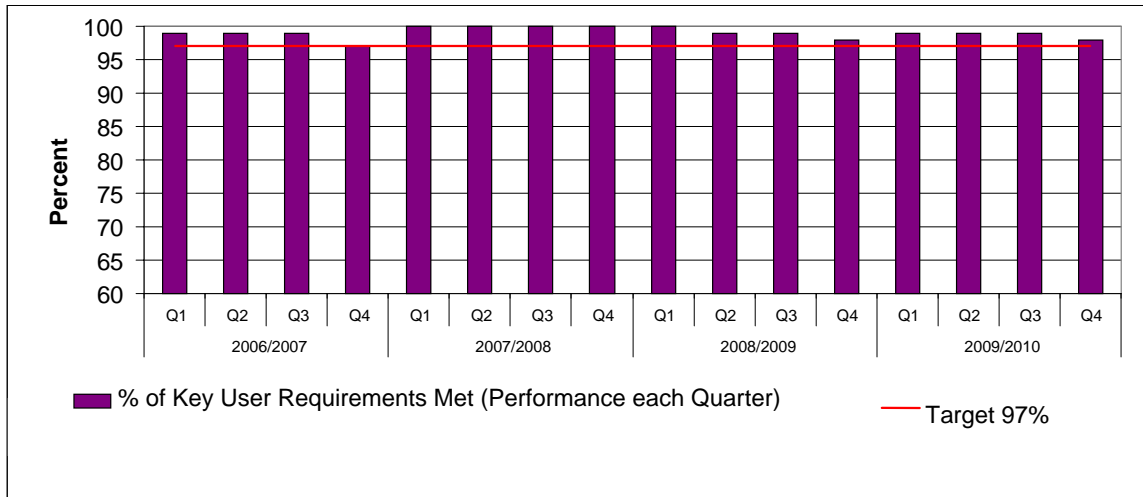
**Significant progress.** One of four sub-indicators (support) is being reported annually for the first time. Out of the remaining three sub-indicators two are showing as met compared to one from the end of the previous reporting year.

**PI 3.1.1 - Key User Requirements**

1.24 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.

Achieved 98% of the Key User Requirements at fourth quarter.

**Figure 1.4 – Key User Requirements**

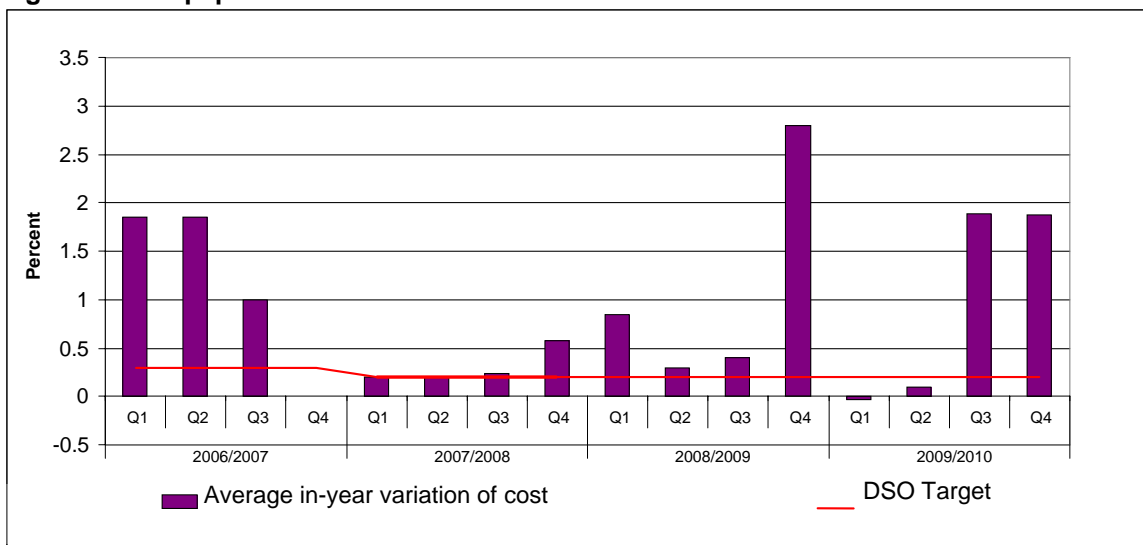


**PI 3.1.2 - Cost**

1.25 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 1.88%.

**Figure 1.5 – Equipment Costs**

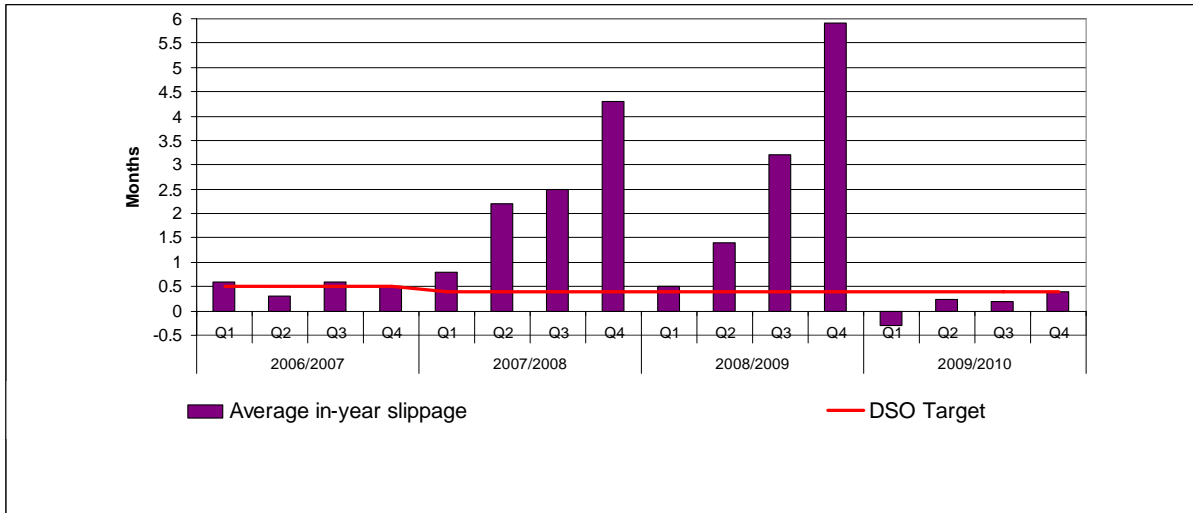


**PI 3.1.3 - Time**

1.26 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 0.39 months.

**Figure 1.6 – Average In-year Slippage**



**PI 3.1.4 - Support**

1.27 98% of the 70 key support outputs within DE&S are achieved. This does not encapsulate the element of support that is undertaken directly by the relevant Front Line Command. For the Land position, in particular, these assessments do not reflect the support to equipment currently deployed on operations.

Summary assessment of 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 yet assessed.** The methodology that the MOD uses to measure the performance of the Non Equipment Investment Plan (NEIP) was revised midway through the year. Due to the lack of previous data and the immaturity of the process it has not been possible to assess Departmental performance at this point.

1.28 Our initial intention for reporting on infrastructure procurement was to apply single performance targets and metrics to a snapshot of a diverse range of modernisation and rationalisation programmes at varying stages in their lifecycles. This led to unrepresentative results that were not helpful when included in the Department’s performance reports. Following an evaluation by Defence Internal Audit, a more structured and granular approach has been devised involving collecting, evaluating and reporting information on the progress of individual

programmes against their specific targets. This was first reported in our Quarter 3 (Autumn) Departmental Performance Report.

1.29 MOD has continued to focus on the NEIP, a grouping of some 60 investment programmes that cover a wide range of activity including accommodation and IT projects. The performance report is based on a sample of the 13 projects that account for nearly 50% of the revenue expenditure (RDEL) and over 75% of the capital spend (CDEL) of the overall NEIP.

Table 1.3 - NEIP Performance		
Programme		
Objective	Current Position	Commentary
KURs		The weighted average success rate is over 99%
Cost		Two projects reported overspends at the end of the reporting period but overall costs are within budget. With the exception of one minor forecast overspend, all projects expect to be completed within budget.
Time		Two projects reported minor slippage in the reporting period but only one is forecasting a minor delay in its completion date. Overall the NEIP projects are on schedule.
<b>Commentary:</b> The individual projects within the NEIP sample are all reporting good progress. With minor exceptions (which are being managed) they are within budget and on schedule.		
		<b>KUR</b>
		<b>Cost</b>
		<b>Time</b>
<b>NEIP Overall Assessment</b>		KUR
		Cost
		Time

1.30 For a more detailed breakdown of the NEIP performance assessment see Section I - Infrastructure Procurement (Non Military Equipment Procurement).

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.*

**Strong progress.** Five out of the seven sub-indicators are forecasting that they will achieve their targets compared with only three forecasting that they were on target at the end of 2008-09.

1.31 Table 1.4 provides a summary of sustainable development performance for each sub-indicator. More details of MOD’s sustainable development activities can be found in Section L – Sustainable Development of “Enabling Processes”.

**Table 1.4 – Sustainable Development Performance**

<b>Indicator</b>	<b>Target</b>	<b>Assessment-</b>
<b>Procurement</b>	<p>Become a national leader in sustainable procurement measured against the five themes of Sustainable Procurement Task Force's Flexible Framework – People; Policy, Strategy &amp; Communications; Procurement Process; Engaging Suppliers; and Measuring Results.</p> <ul style="list-style-type: none"> <li>• Level 3 for People; Policy, Strategy &amp; Communications; Procurement Process and Measurement and Results, plus Level 5 for engaging suppliers by 31 December 09</li> <li>• Level 5 against all themes by 31 March 2011.</li> </ul>	<p>Not achieved - The existing Flexible Framework December 2009 target was not achieved mainly due to a lack of dedicated funding. However, MOD continues to make significant progress and is forecasting improved performance against Defra's new targets announced 31 March 2010 of Level 3 by December 2012 and Level 5 by March 2015 on the assumption that adequate funding is identified.</p> <p>Progress includes:</p> <ul style="list-style-type: none"> <li>• MOD published its Sustainable Procurement Strategy on 26 March 2010 supported by letters from Ministers to MOD's Key Suppliers and MOD internal senior staff</li> <li>• MOD has joined the Carbon Disclosure Project's Public Procurement Programme and has invited the majority of MOD's Key Suppliers to disclose their emissions data in 2010 to help MOD understand the emissions of our major suppliers</li> <li>• <span style="float: right;">Key</span> Suppliers continue to assess themselves at corporate level using the Flexible Framework, with results being summarised within Key Suppliers' annual Performance Review reports</li> </ul>
<b>Waste management</b>	<p>Increase recycling figures to 40% of waste arisings by 2010-11 and 75% by 2020.</p> <p>Reduce amount of controlled waste produced by 5% by March 2011 and 25% by March 2020.</p>	<p>Achieved - MOD achieved 51% recycling and reuse of its waste in 2008-09 and a 4.3% reduction in waste arising. We are on-track to meet a UK Government target of a 5% reduction by 2010-11. The Department is continuing its work to improve the waste data provided through changes to waste contracts.</p>
<b>Energy use in buildings</b>	<p>Reduce carbon dioxide emissions by 15% by 2010-11 and by 30% by 2020, relative to 2004-05 levels, measured in tonnes of CO<sub>2</sub> emitted per annum from Defence Estate.</p>	<p>Not Yet Achieved - MOD has reduced CO<sub>2</sub> emissions from the Defence Estate by around 12% from the 2004-05 baseline levels. At current predictions we expect to achieve the target by 2010-11.</p>
<b>Fuel use and travel</b>	<p>Reduce carbon dioxide emissions from road vehicles used for Government administrative operations by 15% by 2010-11, relative to 2005-06 levels.</p>	<p>Not Yet Achieved - For 2008-09, we made around 9% reduction in carbon dioxide emissions from road transport relative to revised 2005-06 baseline levels. Reductions in business administration car use are required to meet the target by 2010-11.</p>
<b>Water management</b>	<p>Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004-05 levels.</p>	<p>Achieved - MOD has reduced its water use by 25% 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.</p>
<b>Biodiversity</b>	<p>Percentage of Sites of Special</p>	<p>Achieved – The Department has continued to improve the</p>



**Table 1.4 – Sustainable Development Performance**

<b>Indicator condition</b>	<b>Target</b>	<b>Assessment-</b>
	Scientific Interest (SSSIs) in sole ownership or control in target condition. Work towards the SOGE target of 95% of sites in target condition by 2010 (England only).	condition of the SSSIs it is responsible for managing; in April 2010 96.6% in England (against a Government target of 95% by end of 2010), 94% in Scotland (target 95% by end of 2010), 76.2% in Wales (target 85% by 2013) and 70% in Northern Ireland (target 95% by 2013) were in target condition. Recent budgetary reductions have forced a re-baseline of the proposed improvement programme. The achievement of targets in the mid term is consequently at risk.
<b>Environmental protection</b>	Zero enforcement notices served by environmental enforcement agencies.	Achieved - No enforcement notices have been served on MOD. MOD continues to meet its legal obligations and liaises with environmental enforcement authorities where necessary.

## OUTPUTS

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 challenge:

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

and monitors four key areas of activity:

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

**B. Readiness:** Be prepared for Military Tasks as defined in Defence Strategic Guidance; in particular, contingent operations.

**C. Policy Contribution & Security Cooperation:** Global and regional reduction in conflict and its impact, and more effective international institutions; and Countering Terrorism: Prevent and Pursue.

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

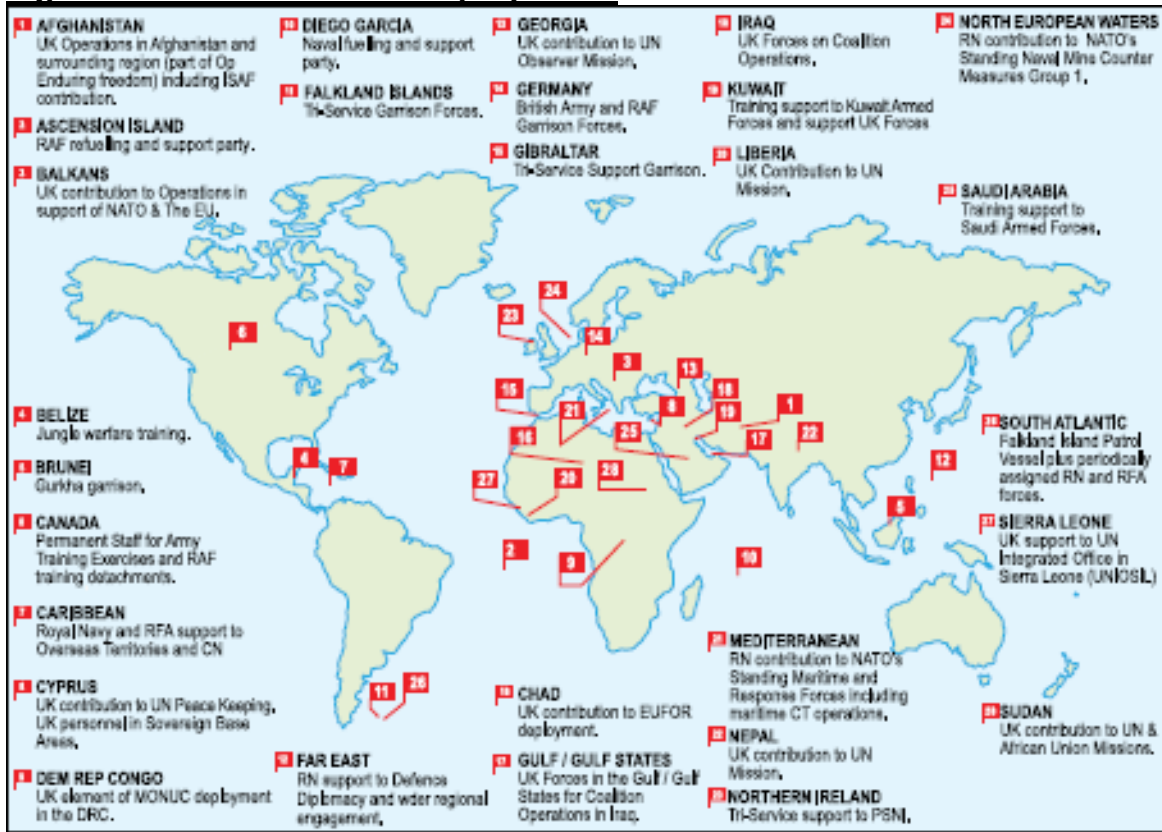
These four areas are described in more detail in the following section.

# Section A - Current Operations

2.1 In 2009-10 the Armed Forces continued to be engaged in a highly demanding and complex operation in Afghanistan. Afghanistan is the MOD's main effort and substantial resources were devoted to success in this extremely challenging operational environment. The British contribution to the International Security Assistance Force (ISAF), particularly Task Force Helmand, has made progress in targeting Taliban command and control structures with the aim of disrupting the insurgency and creating the security environment needed for the spread of good governance. In Iraq, UK Armed Forces completed a safe and orderly withdrawal and now focus on training Iraqi security forces.

2.2 In addition, the Armed Forces were deployed in 26 other locations around the world (see Figure 2.1 below), undertaking a range of standing Military Tasks and providing assistance to a number of Governments in support of UK interests.

**Figure 2.1 – Armed Forces Deployments**



## **AFGHANISTAN**

**Figure 2.2 – Helmand Province, Afghanistan**



### **Overview**

2.3 The UK continued to play a leading role in the NATO-led ISAF in Afghanistan. ISAF remains NATO's largest ever mission, with 44 nations contributing some 85,800 troops as of February 2010. The mission is to prevent Afghanistan 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.

2.4 During 2009-10, the ISAF mission to Afghanistan continued to be divided into five regional commands. In November 2009 the UK took over leadership of Regional Command (South) (RC(S)) from the Netherlands. The UK's presence is now predominantly in RC(S) although there is also a small presence in Kabul

2.5 Over the course of 2009-10, two formations provided the Headquarters for Task Force Helmand. 19 Light Brigade served from April to October 2009 and 11 Light Brigade for the remainder of the period. 2009-10 also saw UK force levels progressively rise from 8,300 to 9,500. In April 2009 the then Prime Minister announced a surge of 900 troops, including a permanent increase of 200 troops. The increase consisted of four elements, although they were not all in theatre at the same time. The uplift consisted of:

- the Headquarters of 6 (UK) Division to command ISAF's RC(S)
- an extension of the tour of a rifle company of 2<sup>nd</sup> Battalion Royal Regiment of Fusiliers until November 2009 to cover the whole of the Afghan Presidential election period
- two further rifle companies, totalling another 300 troops, who were also available to help provide security over the election period
- 600 troops to improve our Force Protection, including more than 200 specialist Counter-Improvised Explosive Device (C-IED) experts, engineers to refurbish our bases, more medical staff and a range of advanced reconnaissance capabilities.

2.6 In October 2009 the then Prime Minister announced that 9,000 would become the UK's enduring force level in theatre and that this would increase to 9,500 if certain conditions were met. In December 2009 these conditions had been met, and the UK's enduring force level became 9,500. The extra 500 troops were sourced from the 1<sup>st</sup> Battalion The Royal Welsh, whose deployment increased the UK's presence in central Helmand and contributed to our key priority of 'Afghanisation', which involves training and working alongside Afghan troops. Through initiatives such as this, ISAF can reach its target of training approximately 134,000 Afghan troops by the end of 2011.

### **Key Achievements**

2.7 During the year, Task Force Helmand continued to focus its efforts on counter insurgency through targeting Taliban command and control structures. In support of this, Task Force Helmand conducted a number of major operations throughout the year:

2.8 In June 2009, 19 Light Brigade, along with Danish and Estonian forces, undertook Operation Panchai Palang (Panther's Claw) in the area north of Lashkar Gah. The aims of the operation were to extend the influence of the Government of Afghanistan, and create the conditions for the Afghan population to take part in Presidential Elections. As a result of the operation this area continues to show signs of development. The operation has also allowed the Afghan Government, through the Afghan National Security Forces (ANSF), to establish a permanent presence in the area.

2.9 Elements of 11 Light Brigade took part in Operation Moshtarak (Together), a major combined force operation involving ANSF and ISAF (US, UK, Danish and Estonian) forces working in partnership. Operation Moshtarak removed one of the largest remaining safe havens in Marjah for insurgents and improved freedom of movement along key transport arteries, which are critical to the local economy.

2.10 RAF assets based in Afghanistan, the wider Middle East and the UK continued to offer support to ISAF forces both in Helmand province and across Afghanistan as a whole. RAF Tornados based at Kandahar provided support to ISAF, including the exploitation of electro-optical and infra-red imagery from a range of sensors. UK air assets also provided support in air mobility and resupply, and aero-medical evacuation across Afghanistan.

2.11 A major focus has been to develop the capabilities of the ANSF through extensive programmes of training, equipping and mentoring. Over 90% of ISAF operations are conducted in conjunction with the Afghan National Army (ANA). 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 ANA. Most can now plan, execute and sustain operations with minimal ISAF support. By December 2009, over 100,000 Afghan troops had been recruited and trained at the Kabul Military Training Centre and some 96,000 Afghan National Police officers have been recruited, trained, equipped and deployed.

2.12 Our work with ANA is not just about mentoring, partnering and training troops so that they can ultimately replace international forces in countering the insurgency but about 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. Our efforts to develop the security

capability of the Afghan Army have extended as far as the UK with tri-Service personnel from the Joint Helicopter Command training pilots of the ANA Air Corps in Wiltshire. The UK project is just one of several organised by ISAF-participating countries with the aim of building a robust Afghan helicopter force, and will eventually lead to 'training the trainers' courses so that Afghan forces can sustain their own throughput of pilots and crew.

2.13 In September 2009, ISAF's then commander, General Stanley McChrystal, released his Partnering Directive, which sees ISAF and Afghan troops pairing up in an integrated structure, from top to bottom, to plan and conduct security operations together on the ground in Afghanistan. On Operation Moshtarak, troops from the 1<sup>st</sup> Battalion The Royal Welsh worked in partnership with members of the ANA to clear insurgent forces from eastern Nad E Ali.

2.14 The UK and its partners continued to support development of the Afghan National Police. We also have a substantial bilateral police reform programme using a combination of serving and former police officers and soldiers. Our officers have been performing a variety of roles, including mentoring the Deputy Minister of Interior, advising the Helmand Chief of Police and developing a national training strategy. The MOD has deployed six Police Mentoring teams, with associated infantry support, to help this mentoring effort in Helmand. They have been directly mentoring Afghan National Police officers on the beat in Helmand. Ministry of Defence Police have also been working to train female Police Officers.

2.15 Our Provincial Reconstruction Team in Helmand is based in the provincial capital, Lashkar Gah, where it supports the work of the Office of the Governor of Helmand. Our civilian and military efforts being combined and co-ordinated in a single plan – the “Helmand Plan”. During the period, we continued to have a joint civilian-military team in Helmand numbering 242, including 30 locally-engaged staff. This included civilian staff based in districts outside Lashkar Gah, Musa Qala, Sangin, Gereshk, Nad-e-Ali and Garmsir.

### **Costs**

2.16 The increased level of UK forces in Afghanistan and a significant enhancement in capability saw the net additional cost of the military operations rise from £2.623Bn in 2008-09 to £3.820Bn in 2009-10.

### **Reserves**

2.17 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 600 Reserve personnel were deployed in Afghanistan at any one time, with around 1,500 deployed during the year.

### **Civilians**

2.18 Some 520 Defence civil servants were deployed in support of operations in Afghanistan during the year, providing financial, policy, claims, commercial and media advice, as well as intelligence analysis, specialised scientific support, and policing through the Ministry of Defence Police. Civilians also worked as advisers and mentors helping develop the Afghanistan Ministry of Defence in Kabul.

## **Casualties**

2.19 126 Service personnel were killed in Afghanistan between April 2009 and March 2010 (61 in 2008-09), and a further 170 suffered serious or very serious injuries between April 2009 and March 2010 (62 in 2008-09). This brought the total number of deaths between the start of operations in Afghanistan in November 2001 and March 2010 to 278, of whom 225 were classed as killed in action. In February 2010 the MOD announced the launch of the Army Recovery Capability, in partnership with Help for Heroes and The Royal British Legion as well as other Service charities. This capability should ensure there is an end-to-end system to enable the swiftest return to duty, or the smoothest transition to an appropriately skilled and supported civilian life for wounded soldiers.

## **Equipment**

2.20 We have continued to strengthen and improve capability in Afghanistan. This has included a 200-strong specialist counter-IED team with new equipment to find and disable IEDs and mines, and identify and target the networks that lay them. To support this effort additional detectors and explosive detection robots have been made available. In addition, funding of £150M has been provided for new training and intelligence facilities over the course of this and the next two years.

2.21 Operations across Helmand and RC(S) have been provided with increased and improved rotary-wing support throughout the year, and the number of UK airframes available to commanders in Afghanistan will continue to increase, along with the number of flying hours. The RAF Merlin fleet began redeploying to Afghanistan, the first airframes entering theatre ahead of schedule before the end of 2009. The first three of eight reverted Mk3 Chinooks were made available to the MOD by Jan 2009, allowing the UK to deploy more Chinooks to theatre. The installation of updated engines allows the helicopters to operate in Afghanistan during the summer months, providing for the first time a year-round operational Light Helicopter Capability. In May 2009 the Sea King Mk7 helicopter deployed to Camp Bastion. The helicopter's powerful onboard sensors allow it to provide valuable battlefield reconnaissance and targeting information. The Mk7s now in theatre are used for detecting, following, and intercepting insurgent activity.

2.22 Additional capability to UK Protected Patrol Vehicles has been provided to offer increased protection to our troops with £700M and 700 new upgraded vehicles announced in 2009. This increase has been matched in theatre: the number of vehicles in theatre has increased by 36% since August 2009, the numbers of both Mastiff and Ridgback increasing by over 90% over the period. New capability has also been provided, the first Coyote and Huskey vehicles being delivered to Afghanistan at the start of 2010.

## IRAQ

**Figure 2.3 – Map of Iraq**



### **Overview**

2.23 The UK's Armed Forces completed a safe and orderly withdrawal from Iraq in July 2009, following the conclusion of operations in Basra in May. The Royal Navy, who have been engaged in the long task of rebuilding the Iraqi Navy since 2003, were invited to remain in Iraq, recognising the vital role the Iraqi Navy has to play in securing Iraq's territorial waters and offshore oil infrastructure.

2.24 UK Service personnel, and Defence civilians, continued to make a major contribution to progress in Iraq. In May, the number of personnel in southern Iraq dropped significantly following the completion of remaining tasks in Basra, where some 4,100 personnel had been deployed. Subsequently, the number of UK Service personnel deployed in Iraq remained constant at around 150 (this figure includes the UK contribution to NATO).

2.25 On 6 June the UK Training and Maritime Support Agreement was signed, marking the transition from a mission focused on large-scale support of the Iraqi Security Forces in Basra to a more normalised bilateral Defence relationship. Owing to procedural delays, the new legal basis for UK Service personnel to remain in Iraq was not finalised until 22 November, so the Iraqi Training and Assistance Mission–Navy (ITAM-N) was withdrawn in July while the Agreement was brought into force. In the intervening period UK activities were temporarily undertaken by US Forces. The Royal Navy is now working alongside US colleagues to deliver training and operational support to the Iraqi Navy at Umm Qasr Naval Base and in Iraqi territorial waters.

2.26 Levels of violence reduced dramatically in Iraq in 2009 but significant high-profile attacks occurred towards the end of 2009, and continuing into 2010, targeting government buildings in Baghdad.



## **Key Achievements**

2.27 In Basra, UK forces completed their training and mentoring of the 14th Division of the Iraqi Army in April. The 14th Division is firmly in control of Basra, and is now an effective force that is able to plan, execute and sustain operations without coalition assistance. Here and elsewhere in Iraq, a stable security situation is allowing economic growth, reconstruction, and political progress to take root.

2.28 The UK-led ITAM-N at Umm Qasr Naval Base has helped to develop the capability of the Iraqi Navy to maintain the sovereignty and integrity of Iraqi territorial waters, in particular protecting Iraq's offshore oil infrastructure and the security of merchant vessels.

2.29 The transfer of responsibility to the Iraqi Navy for point defence of the northern-most oil platform, Khawr Al Amaya Oil Terminal, on 30 April 2009 and then perimeter defence on 1 December was also notable.

2.30 Separately the UK's lead for the NATO Iraqi officer training and education programme continued to follow a 'train the trainer' approach with the aim of creating a self-sustaining Iraqi officer training capacity at the Military Academy in Ar Rustamiyah, Baghdad.

## **Costs**

2.31 As a result of a change in posture, and the withdrawal of forces, during the financial year the net additional cost of the operations in Iraq dropped from £1.381Bn in 2008-09 to £0.342Bn in 2009-10.

## **Reserves**

2.32 Reservist (Volunteer and Regular) numbers deployed on operations in Iraq have dropped significantly since the reduction in numbers from the south of the country. Since the drawdown, numbers have levelled out to approximately 20 reservists currently in the Joint Operations Area, the majority of whom come from the Royal Naval Reserve.

## **Civilians**

2.33 During the year 64 MOD civilians deployed to Iraq and the wider operational area. Of these, 47 were deployed to Iraq itself while the other 17 were based in Kuwait and Qatar in direct support of operations in Iraq.

## **KOSOVO (KFOR)**

2.34 The last financial year has seen the maintenance of a safe and secure environment in Kosovo. As a result of this stability, NATO Ministers approved the move to the next phase of the NATO operation, Deterrent Presence, in June 2009. This saw a reduction in NATO troops from approximately 15,000 to 10,000 by the end of January 2010.

2.35 The first local elections were held in November 2009 with no major incidents. The EU Rule of Law Mission (EULEX) reached full operating capability with over 1,500 personnel deployed, in April 2009. The aim of the mission is to support the Kosovo authorities by monitoring, mentoring and advising on all areas related to the rule of law.

2.36 NATO's Supreme Allied Commander Europe judged that the UK's Intelligence, Surveillance and Reconnaissance Task Force was no longer required, and it ceased operations at the end of 2008-09. As a result, it was withdrawn, along with all associated UK support elements. The UK base, Jubilee Barracks, was formally handed to the Portuguese on 1 June 2009.

2.37 The UK's commitment to the Office of the Kosovo Protection Corps Co-ordinator, tasked with the dissolution with dignity of the Kosovo Protection Corps, ended with the closure of the office in June 2009. This task has been key to ensuring the creation of a transparent and democratically accountable Kosovo Security Force.

2.38 As a result of this drawdown, the UK's commitment to NATO's KFOR has reduced from 170 personnel to two. The remaining UK personnel, one civilian and one military officer, are both members of the NATO Advisory Team tasked with setting up the Kosovo Security Force and the civilian-led Ministry that oversees it. Costs are now subsumed into activity under the cross government Conflict Pool.

### **CRISIS RESPONSE OPERATIONS**

2.39 The UK military 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 February 2010 the UK provided, via deployment of RAF C-130 Hercules and Royal Fleet Auxiliary Largs Bay, humanitarian relief support to those affected by the earthquake in Haiti. In March 2010 an RAF C-17 delivered urgently needed tented accommodation to Chile in the aftermath of an earthquake.

### **UN PEACEKEEPING OPERATIONS**

2.40 In addition to the non-discretionary assessed costs of Peacekeeping, the Conflict Pool now funds UK contribution to discretionary Peacekeeping activities. The MOD supported three UN Peacekeeping Operations in 2009-10, providing some 290 UK military personnel to missions in Cyprus, the Democratic Republic of Congo, and Sudan. We also supplied Staff Officers to UN political assistance missions in Afghanistan and the UN Political Office for Somalia and Iraq. Our support has included individuals, whose specialist skills and experience are highly valued, in appointments to UN Mission headquarters. The 280-strong UN mission in Cyprus remained the UK's largest commitment.

### **OTHER MILITARY TASKS**

#### **Independent Nuclear Deterrent**

2.41 On 30 April 2009 the UK completed 40 years of continuous deterrent submarine patrols, which began in 1969 with a patrol by HMS Resolution, the first of the Resolution class of submarines. The UK continues to operate our deterrent submarines in a Continuous-At-Sea-Deterrent posture.

2.42 The UK's nuclear forces are fully operationally independent. Decision-making and use of the deterrent remain entirely sovereign to the UK. Only the Prime Minister can authorise the use of the UK's nuclear deterrent; and the instruction to fire would be transmitted to the submarine using only UK codes and UK equipment. All the command and control procedures are fully

independent. The Vanguard-class submarines can operate without the Global Positioning by Satellite system.

### **Defence of UK Airspace and Waters**

2.43 Defence of UK airspace is achieved through the provision of an air policing capability tasked with identifying, assessing and, if necessary, intercepting aircraft posing a threat to the UK. The air policing capability is delivered by Quick Reaction Alert aircraft and air surveillance and control facilities. Quick Reaction Alert interceptors were launched on a number of occasions last year. During 2009 the Typhoon fighter aircraft took over much of this role from the Tornado F3.

2.44 The maritime integrity of the UK is maintained through the presence of maritime assets around the UK and not, unless specifically authorised, through the use of military force. The police and other maritime authorities have primacy but have limited maritime capacity. We have continued 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. We continue to develop arrangements for co-operation and information sharing with these agencies and states to assist regional maritime security.

### **Security of UK overseas territories**

2.45 Throughout the year some 4,500 UK military personnel, Defence civilians and locally employed civilians continued to be stationed or deployed in support of the security of the UK's overseas territories. 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 remain permanently deployed in the Falklands in a deterrent role. In Cyprus we maintained important military facilities in the Eastern and Western Sovereign Base Areas. These provided vital support to operations in Iraq and Afghanistan. The Royal Navy continues to use Diego Garcia, where 30 UK Service personnel provide the "civilian administration" of the Territory and limited territorial waters security on behalf of the Foreign and Commonwealth Office.

### **Counter-Piracy**

2.46 Despite the increase in international military presence in the Horn of Africa, during 2009-10 the number of attempted pirate attacks has remained high. However, the success of the Internationally Recognised Transit Corridor, protecting the 30,000 shipping movements that pass through the Gulf of Aden each year, has forced the pirates to displace a proportion of their criminal activity into the Somali Basin. They now operate up to 1,000nm from the Somali coast using mother ships to support several pirate skiffs.

2.47 The UK continues to play a leading role in Operation ATALANTA, the EU maritime operation to escort World Food Programme ships and counter piracy off the coast of Somalia. During the year, the UK provided the Operation Commander and the multinational Operation Headquarters at Northwood and intends to provide a warship in the second half of 2010. The rate of successful attacks in the critical Gulf of Aden trade artery has been reduced substantially, with only two ships that were following industry-agreed best practice on risk minimisation hijacked there in the last year. Despite this, the overall number still remains high.

2.48 In 2009, Operation ATALANTA successfully escorted 49 World Food Programme shipments into Somalia allowing over 300,000 metric tonnes of food to be delivered. This amounts to over 1.3 million people being fed each day. It also provided escorts to 14 African Union Mission in Somalia supply ships, as well as providing reassurance to the commercial sector through the Maritime Security Centre (Horn of Africa), which has over 13,700 subscribers so far. The operation's mandate has been extended to December 2010 and is due to be reviewed again.

2.49 Following its first deployment to the region in 2008, NATO formalised its counter-piracy operation into Operation OCEAN SHIELD in August 2009. The UK has continued to provide the Deputy Commander Maritime Forces in Bahrain and has taken rotational command of the deployed NATO units. Royal Navy vessels continue to play an active role in deterring and disrupting pirate activity.

2.50 The MOD has worked in conjunction with other Whitehall departments to tackle piracy on many fronts. The UK chairs 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 regional states to tackle the threat locally. Operationally, the co-ordination between the three coalition groups and those countries that contribute to the counter-piracy effort on a purely national basis was enhanced in 2009 by the formation of the Shared Awareness and De-confliction group. This gathering has enhanced co-operation between all participants in what is now a truly international fight against piracy.

2.51 The international community is acutely aware that the problem of piracy off the Horn of Africa, and off Somalia in particular, will not be resolved at sea. The UK remains instrumental in pushing for the root cause of piracy (instability in Somalia) to be addressed through the provision of humanitarian, security and development assistance and has developed a Somalia Strategy to look at what more can be done to address the significant problems faced by that country.

### **MILITARY AID TO THE CIVIL AUTHORITIES**

2.52 The Home Secretary is responsible for the safety and security of the UK and its citizens. Under the Civil Contingencies Act 2004, lead Government departments are allocated to deal with the most likely high-impact disruptive events. MOD is not the lead for any civil contingency but, if required, we can provide support to the lead organisation, through the Military Aid to the Civil Authorities (MACA) process. MOD supported the civil authorities in carrying out their functions on over 50 occasions in 2009-10. These ranged from the provision of logistics support to police investigations to building of a temporary footbridge in Cumbria following significant flood damage, as well as providing assistance during the severe weather in January.

### **Northern Ireland**

2.53 MOD retains a commitment to deploy troops in support of the Police Service of Northern Ireland (PSNI) in the event of widespread and sustained public disorder, although this has not been called on for the past five years. In February 2010, the Independent International Commission on Disarmament, headed by General John de Chastelain, confirmed that all the

mainstream Republican and Loyalist paramilitary groups had put their weapons “beyond use”, thus completing the decommissioning process.

2.54 Some minor dissident Republican groupings have, however, retained their arms and continued to mount attacks, primarily on police officers. This dissident Republican activity remains a security concern. As is the case elsewhere in the UK, MOD provides explosive ordnance disposal support to the PSNI, and this capability was regularly called on throughout the year.

2.55 As part of the continuing “normalisation” process, RAF Aldergrove became the Joint Helicopter Command Flying Station Aldergrove in September 2009, a process that saw a significant reduction in the number of RAF personnel serving in Northern Ireland. Fewer than 5,000 members of the Armed Forces are in Northern Ireland, stationed there on the same basis as in the rest of the UK. The current garrison (19 Light Brigade) deployed to Afghanistan in 2009, the first time since before ‘the Troubles’ that troops stationed in Northern Ireland have fulfilled their core defence role.

### **Counter-Narcotics**

2.56 MOD works closely in support of the Serious Organised Crime Agency, which leads the UK efforts in disrupting criminal narcotics trafficking worldwide. From April 2009 to March 2010, the Royal Navy assisted in the seizure of some 18 metric tonnes of narcotics, comprising cocaine and cannabis resin. HMS Iron Duke, while on patrol in the Caribbean in September 2009, seized 5.5 metric tonnes of cocaine – the largest ever cocaine seizure by the Royal Navy. Had the narcotics from this cargo reached UK streets, they would have been worth, at that time, about £240M. Counter-narcotics operations are almost always conducted in conjunction with other international authorities and law enforcement agencies. UK forces in Afghanistan, acting under NATO authority, may provide operational and logistical support to Afghan forces mounting counter-narcotics operations as part of the counter-insurgency campaign.

### **Fisheries Protection**

2.57 The River Class Offshore Patrol Vessels of the Fishery Protection Squadron supported the Marine and Fisheries Agency with the equivalent of 675 days of fishery patrols. During 2009-10, 1,288 fishing vessels were boarded, of which four were detained at a UK port for further investigation. The squadron detected 104 fishing infringements during the reporting period. The last 12 months also saw further progress in the development of joint operations and other EU member states improving the efficiency and effectiveness of their patrol assets.

### **Search and Rescue**

2.58 The MOD search and rescue service exists to help military aircrew in difficulty, but also contributes to 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 RN from eight helicopter bases, augmenting the service provided by a civilian company from a further four bases under contract to the Maritime Coastguard Agency. The RAF also maintained a Nimrod maritime patrol aircraft for search and rescue duties at RAF Kinloss in Scotland and four RAF mountain rescue teams in the north of the UK, expert in dealing with

aircraft crashes in remote areas. The UK Aeronautical Rescue Co-ordination Centre, also at RAF Kinloss, co-ordinates the response of all UK search and rescue aircraft and 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 2009-10 Defence search and rescue services were called out 2,418 times (2,179 in 2008-09) helping 1,873 people.

### Explosive Ordnance Disposal

2.59 MOD provides 24 hours-a-day Explosive Ordnance Disposal (EOD) support to the Police in the UK under MACA 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 through the UK and responded to over 2,850 callouts in 2009-10 (2,750 in 2008-09).

### Activity and Concurrency Levels

2.60 Throughout the reporting period the level of commitment of the Armed Forces to operations and undertaking Military Tasks has steadily reduced to 23% (down from 28% reported last year). In tandem the proportion of regular forces deployed on operations and undertaking other Military Tasks has also dropped from an annual mean of 17% during 2008-09 to 15% across 2009-10 (see Table 2.1). The reduction is principally due to the draw down in Iraq.

**Table 2.1 - Percentage of Regular Armed Forces undertaking operations and undertaking Military Tasks during 2009-10**

	Deployed on Contingent Operations				Undertaking Military Tasks			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Royal Navy</b>	5%	5%	7%	7%	13%	9%	8%	7%
<b>Army</b>	11%	10%	9%	9%	7%	7%	7%	7%
<b>Royal Air Force</b>	6%	5%	5%	5%	6%	6%	6%	5%
<b>Overall</b>	8%	8%	8%	8%	9%	7%	6%	6%

#### Notes:

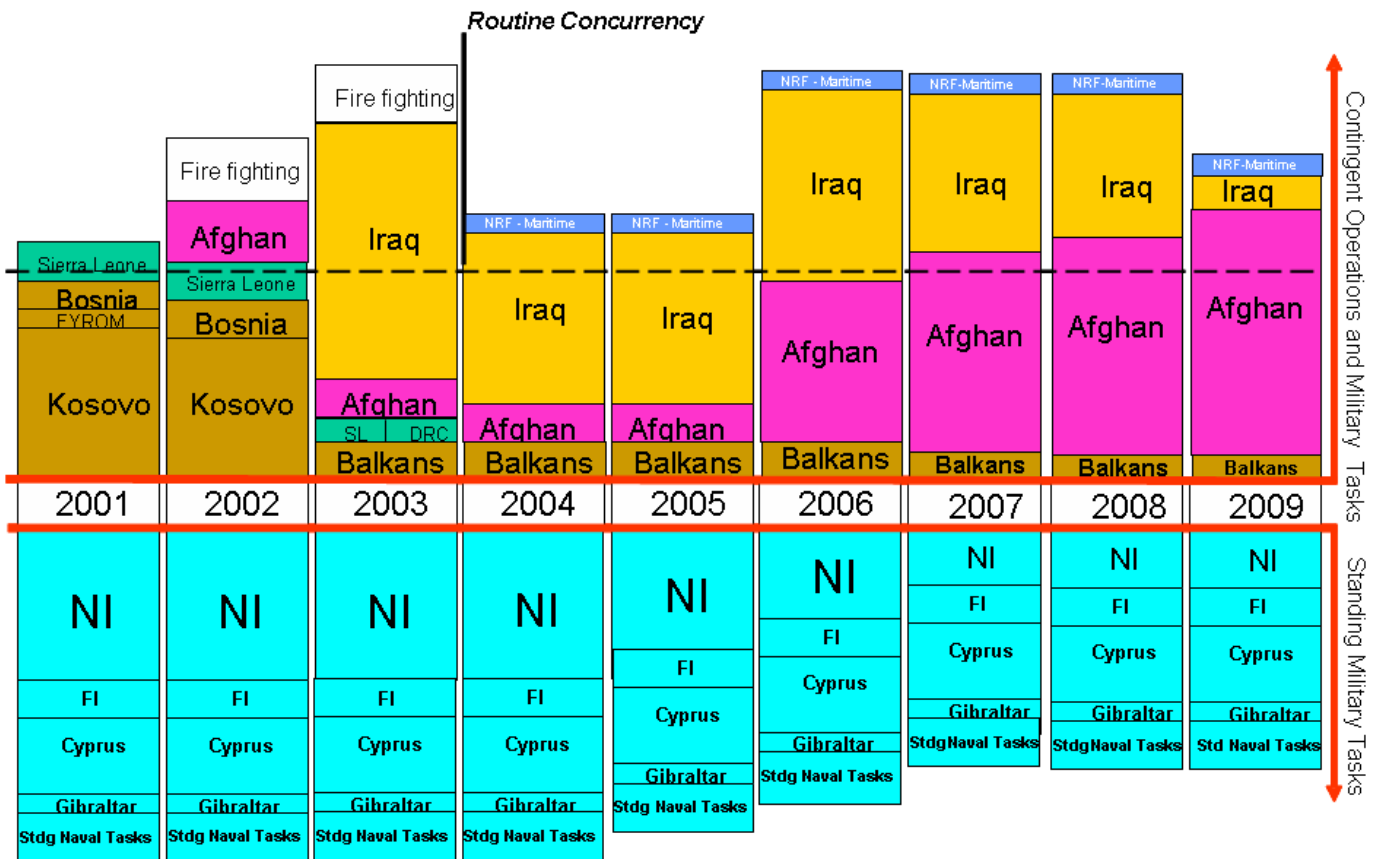
1. Percentages are quarterly averages and reflect the burden of activity imposed by the operations and other Military Tasks undertaken by each service. Figures are based on man-day equivalents.
2. The change in activity levels from that reported in the Quarter 3 Performance Report for the Royal Navy, and as a result the overall level, reflects the inclusion of a unit committed to pre-deployment training for Afghanistan that had previously been omitted.
3. A list of Military Tasks can be found on the Department's website ([www.mod.uk](http://www.mod.uk)).

2.61 The level of concurrent operations **Defence** is resourced to have the capability to deliver remains unchanged. Planning assumptions were to:

- meet a Medium Scale operation simultaneously with an Small Scale commitment on an enduring basis plus a one-off Small Scale commitment, whilst remaining within the harmony guidelines for each Service;
- also be committed to an enduring Land Component United Nations peacekeeping operation.
- be flexible enough to be committed to more than three concurrent operations at Small Scale.

2.62 Figure 2.4 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.

**Figure 2.4 - Concurrency 2001-2009**



**RESIDUAL CAPABILITY**

2.63 The pool of extremely adept, agile and sustainable forces, trained and available on a graduated scale of readiness to deploy, is collectively known as the Joint Rapid Reaction Force (JRRF). It is designed achieve strategic effects, able to be mounted and sustained for up to six months, principally in Focussed Intervention, Power Projection or Peace Enforcement operations at up to medium scale, with the ability concurrently to conduct a Non-combatant Evacuation Operation.

2.64 The continued high level of operational commitment throughout 2009-10 has meant, however, that Defence was unable to generate the full JRRF contingent capability in spite of the end of the mission in Iraq. Thus, across the period of the report the ability of Front Line Commands to support additional short notice contingent tasks was limited with particular constraints on Joint Force Enablers.

2.65 The Joint Force Headquarters (JFHQ) continues to provide the standing command and control capability at the heart of the UK 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 47 personnel) is held at 24 hours notice to move and would be allocated forces as necessary from the JRRF pool. The JFHQ again maintained a high level of operational activity over the year, providing the Force Headquarters to the European Union



Battlegroup from January 2010 for six months, supporting (both directly and through consultancy) operations in Afghanistan, the African Union (AU) in Addis Ababa, the Falkland Islands, and Haiti.

2.66 OLRTs have deployed on a number of occasions during the year to provide information and advice and to inform the decision-making process. JFHQ maintained theatre awareness or conducted directed tasks by deploying specialists to a range of countries including the Democratic Republic of Congo, South Africa, Sierra Leone, Lebanon, Israel, Jordan, Belgium (EUMS task), Italy (6<sup>th</sup> Fleet), Sri Lanka, United Arab Emirates, and Uganda in support of MOD tasking. It interacted with EU, Netherlands, French and USA counterpart headquarters staffs and reinforced British Forces South Atlantic Islands and Gibraltar for their exercises, and worked with British Forces Cyprus and several single-Service headquarters.

## **Section B - Readiness**

### **Funded Readiness**

2.67 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.

2.68 The Armed Forces' readiness targets are measured against the ability to prepare, deploy, fight and recover against the full range of potential operations at routine 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 £4.162Bn in 2009-10 (this figure does not include the cost of MOD involvement in Conflict Pool). 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.

2.69 In 2009-10, following the withdrawal of land forces from Iraq we have focused resources on those capabilities and force elements most heavily drawn on for Afghanistan. This is a conscious and measured decision in support of our Strategy for Defence and our Main Effort; Afghanistan. The drawdown in Iraq at the beginning of the period from medium scale operations to an enduring small scale operation should, in time, improve readiness. This is reflected in the reduction in the overall percentage of the Armed Forces deployed on Operations and

undertaking Military Tasks from 17% at Quarter One to 14% in Quarter Four. Further work to recuperate the ability of the Armed Forces has continued throughout the year. All three Services have been heavily committed on Standing Military tasks, as set out above.

2.70 During the year we have continued to study how best to manage and report readiness while continuing to provide the required level of Force Elements to meet the challenges of current operations and recuperate in line with our strategy. We have developed a new Defence Performance Framework that has an annual Strategic element and a quarterly Executive element. These reports will help us focus on what we can do with all the Force Elements combined rather than with each Force Element individually.

### **Collective Training**

2.71 Success in Afghanistan remains the Department's main effort and those exercises that support this activity take precedence. Balancing this priority against the global financial downturn has called for intense scrutiny across the training programme. Front Line Commands therefore prioritised resources and, as announced by the Department in December 2009, this may lead to skills associated with larger scale activity being cadred or hibernated. That said, valuable training across most of the training spectrum continued to take place.

2.72 In 2009-10 the total number of scheduled Defence Exercises reduced by 20% from the previous year. However, the percentage of exercises cancelled and conducted remained broadly the same as the Department strived to deliver value for money whilst balancing operational constraints with limited resources.

2.73 Since 2003, an average of 15.6% of exercises has been cancelled. The proportion of MOD exercises cancelled since 2003 is listed below.

**Table 2.2 - The number of exercises scheduled and the proportion cancelled since 2003-04**

Year	Scheduled Training Events	Cancelled Events	Percentage	Conducted
2009-10	436	59	13.5%	377
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
2003-04	350	151	43%	199

## **Section C - Policy**

### **National Security Strategy**

2.74 The SDSR will shape future Defence and Security policy. In the period covered by this report, policy was informed by the previous Government's National Security Strategy, which was

updated in April 2009. It stressed that providing security for the nation, safeguarding our citizens and our way of life, remains the most important responsibility of government. The report set out a view of potential national security threats and who or what can pose such threats. These included:

- State-led threats to the UK
- Global instability and conflict, and failed and fragile states
- Terrorism
- Trans-national Organised Crime
- Civil Emergencies, including pandemics
- Nuclear weapons and other weapons of mass destruction

2.75 The MOD continues to play a crucial role countering these threats. During 2009-10 the House of Commons Defence Committee continued their inquiry into the Defence contribution to national security and resilience.

## **TOOLS AND RESOURCES FOR REDUCING CONFLICT**

### **Conflict Pool**

2.76 The Conflict Pool was formed at the beginning of 2009-10 through the merger of the Conflict Prevention Pool and the Stabilisation Aid Fund to create a single fund focused on long-term conflict prevention activity. It was one of the previous Government's principal tools for delivering PSA 30, Global and regional reduction in conflict and its impact and more effective international institutions. Through 2009-10, MOD continued to work closely with DFID and the FCO on conflict prevention and capacity building in Africa, Wider Europe, Middle East, and South Asia, and through the Strategic Support to International Organisations thematic programme. In total, the Government invested over £170M on the Conflict Pool.

### **Stabilisation and Peacekeeping**

2.77 The Conflict Pool continued to fund stabilisation activities in conflict zones previously paid for from the Stabilisation Aid Fund. Work in Afghanistan and Iraq is now provided for through the Pool's South Asia and Middle East programmes. The Government continued to 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.

### **Strategic Support to International Organisations programme**

2.78 This new Conflict Pool programme also brings together the former Conflict Prevention Pool International Capacity Building and Security & Small Arms Control programmes. Through this programme, the MOD assisted in the development the Armed Forces of partner nations throughout 2009-10 by providing Defence education to 21 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. We continued to play a leading role across Whitehall and internationally in delivering Security Sector Reform through our investment in the Stabilisation Unit's Security &

Justice group. This team reflects the UK's commitment to taking a comprehensive, whole-of-Government approach to Security Sector Reform.

### **The Defence Assistance Fund**

2.79 In 2009-10 MOD continued to resource a number of Security Co-operation projects through the fund. These have included the provision of places for foreign students on UK Defence courses, and overseas capacity-building activities such as the deployment of training and advisory teams.

### **The Stabilisation Unit**

2.80 MOD continued to support the development of the Stabilisation Unit through the provision of military officers and civil servants to its staff. The Stabilisation Unit, which is jointly owned by MOD, FCO and DFID, provides specialist, targeted assistance in countries emerging from violent conflict where the UK is helping to achieve a stable environment that will enable longer-term development to take place.

2.81 In February 2010 the Stabilisation Unit launched the Civilian Stabilisation Group, a body of over a thousand civilians with public and private experience, of whom a proportion are ready to deploy at any one time. They work alongside the British military, other UK government departments and multilateral missions.

2.82 During 2009-10 the Stabilisation Unit has promoted a greater unity of purpose through cross-Government planning and better understanding of stabilisation. Revision of the Helmand Roadmap as well as the strategies for Somalia, Yemen and Sudan were all facilitated by the Stabilisation Unit and linked proposed activities with the desired outcomes

### **The Comprehensive Approach**

2.83 We remain committed to the Comprehensive Approach and conducted a number of joint exercises and training courses in 2009-10. The Comprehensive Approach aims to bring together UK government departments and other stakeholders in international crisis management to:

- promote a shared understanding of the situation and common aims and objectives that will govern HMG efforts in conflict situations
- develop structures and processes to help align planning and implementation in conflict situations
- establish relationships and cultural understanding, through common training, exercising, analysis and planning.

2.84 The UK Civil-Military Mission Helmand (CMMH) in Lashkar Gah is a good example of the Comprehensive Approach being used in practice. The CMMH is the integrated structure that brought together the Provincial Reconstruction Team and the military led Task Force Helmand, and it co-ordinates the efforts of DFID, FCO, MOD, and other international partners, including the US, Denmark and Estonia, in a Comprehensive Approach to stabilisation including a seamless package of reconstruction assistance for Helmand province.

## **PRIORITY COUNTRIES AND ORGANISATIONS FOR THE PREVIOUS GOVERNMENT**

### **Africa**

2.85 We continued to work closely with DFID and FCO on conflict prevention and capacity building in Africa through the Conflict Pool's Africa programme. The 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 (EASBRIG) progress was shown by a successful field training Exercise in 2009.

### **African Union**

2.86 One of the Africa programme's key objectives for the period 2008-11 is to support the development of the African Peace and Security Architecture. MOD's work in developing the capabilities of the AU continues to play a key role. The AU's Peace and Security Operations Directorate (PSOD) has been expanded, while it continues to run operations in Sudan and Somalia. The planning for Exercise AMANI AFRICA, a peacekeeping exercise planned to take place later in 2010 with the African Standby Force, is progressing and should provide a good vehicle for enhancing and testing the PSOD.

### **Democratic Republic of Congo and Great Lakes**

2.87 PSA 30 sets the target of reducing cross-border interference in Eastern DRC, and promoting stable government in Kinshasa, overseeing accountable security services and a reduction in militia operating outside such democratic government control. The UK continued to support international mediators and fills key posts in the UN mission in DRC (known as MONUC). Regional Peace Support Operation capacity has been strengthened through EASBRIG.

### **Sudan**

2.88 Implementation of the fragile Comprehensive Peace Agreement in Sudan remains difficult, yet critical to stability throughout the region. It contains a provision for a referendum on self-determination for the South in 2011, which is likely to raise tensions substantially. The UK continued to play a leading role in trying to address border issues and security tensions, particularly through support for the development of the Joint Integrated Units, which are generating more effective working between the Sudan Armed Forces and the Sudan People's Liberation Army.

### **Nigeria**

2.89 In the Niger Delta, the UK has continued to support a Joint Maritime Security Training Centre to improve Nigerian inshore operational capability. Also based in Nigeria, MOD provides support to the Economic Community of West African States (ECOWAS), assisting with stabilisation training. ECOWAS has proven adept at both anticipating and responding to recent crises in the region, and the MOD's work supports the wider Africa programme objective of continuing to assist and develop ECOWAS's ability to identify, prevent and manage conflict in West Africa.

## **Sierra Leone**

2.90 MOD has continued to provide strategic support to the Sierra Leone security sector, investing in assisting the development of stable and democratic governance, overseeing accountable security services and a reduction in regional militia. 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.

## **Middle East Peace Process**

2.91 MOD uses Conflict Pool funding to work with the Palestinian Authority and its security forces, helping to support capacity-building work. 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.

## **Lebanon**

2.92 MOD has continued to build capacity in the Lebanese Armed Forces with public order mentoring and equipping, enabling them to manage security situations and, at a strategic level, continue delivery of the first of four phases of the National Academic Strategy Programme. The Department has also contributed towards enabling the Lebanese Armed Forces to exercise control over its entire territory. UK mentors have been deployed to improve the capacity of the Lebanese to command and control their border management capability and to support the development of the Lebanese Armed Forces Internal Security Facility, which is designed to run comprehensive internal security courses.

## **Yemen**

2.93 The Conflict Pool's strategy in Yemen is designed to increase the capacity of the Yemeni Government and other stakeholders to address causes of conflict in the country. MOD has worked to reduce tensions with southern separatist movements by supporting the development of the public order capability of Yemeni security forces. This activity has been designed to help reduce the number of incidents in which lethal force is used as a method of crowd control.

## **Wider Europe programme**

2.94 UK Conflict Prevention spending in this region continues to focus on government capacity and accountability, on security and justice sector reform, on the return of refugees and internally-displaced persons, and on helping minority communities and inclusive economic growth.

2.95 The western Balkans remain stable, and progress has been made in Kosovo with successful elections being conducted in late 2009 and the continued development of the Kosovo Security Force (KSF) as a lightly-armed security force under civilian control. The UK fills two key posts in the NATO Advisory Team overseeing the development of the KSF from Initial Operational Capability (achieved in September 2009) to Full Operational Capability by 2012. Significant challenges lie ahead for Kosovo but good progress is being made in key areas.

2.96 Bosnia and Herzegovina's progress towards Euro-Atlantic integration remains patchy, and lack of progress in a number of areas where reform is required meant that it was not possible for NATO to offer Bosnia a Membership Action Plan (MAP) in December 2009. In January 2010 the EU's Foreign Affairs Council restated its commitment to providing a safe and secure environment in Bosnia through its EUFOR mission with an executive UN mandate for as long as it is required; UK involvement in EUFOR is now limited to a small number of staff posts. The UK-funded Peace Support Operations Training Centre in Sarajevo continues to provide high quality training to officers from countries in the region, and the first major step towards handing the centre over to Bosnia has taken place with the appointment of a Bosnian officer as the Commandant in December 2009. The elections at the end of 2010 will be key to ensuring a secure and stable future, and the International Community will need to remain focused on Bosnia.

2.97 Serbia's progress towards greater integration in Europe continues in a positive direction with its application for EU membership in December 2009 and the establishment of its Mission to NATO. Montenegro continues its steady progress towards NATO membership, having achieved MAP in December 2010. Frustratingly, progress in this direction for Macedonia remains stalled over the name issue.

2.98 In Ukraine, the UK's Special Defence Adviser is assisting the Ukrainian MOD with its reforms. This will be particularly important as the country adjusts to any policy changes resulting from the 2010 election of President Yanukovich. The Special Defence Adviser has now extended his work to Georgia, where he is assisting with the establishment of NATO's Professional Development Programme for civilians working in Defence.

### **The United Nations**

2.99 The UK maintained its commitment to UN-mandated peace support operations, with over 10,000 troops committed in Afghanistan and Cyprus. In addition, the UK provided individual staff officers to UN missions in Africa, and personnel and material assistance to the UN-led disaster relief in Haiti. Elsewhere, MOD provided training assistance to other countries to increase their ability to contribute to UN missions and, alongside the FCO and DFID, contributed to bespoke projects that improve the deployability of international forces and the effectiveness of international peacekeeping as a whole. At the higher level, the UK had direct involvement in, and provided support to, the UN's Department of Peacekeeping Operations (DPKO) and the Department of Field Support (DFS) in New York. MOD also attended the annual G8++ International Peace Support Operations Clearing House, where we work alongside international partners to address shortfalls in peace support operations capability.

2.100 The UK continued to work to assist the DPKO, primarily through the secondment of UK military personnel. In addition, the UK, as a permanent member of the UN Security Council, remained committed to supporting implementation of reforms at the strategic level to enable the DPKO and DFS to be more effective. MOD has also encouraged better co-operation between the UN and regional organisations such as NATO, the EU and the African Union. The UK continued to promote better co-operation between International organisations as part of a more comprehensive approach to operations. Finally, MOD has been active in promoting UN Security Council Resolutions and has been particularly successful in its application of UNSCR 1325 –

Women, Peace and Security - with an MOD audit<sup>1</sup> concluding that British military personnel generally receive sufficient training to ensure that they are compliant with the intent of the Resolution.

## **NATO**

2.101 In April 2009 NATO celebrated its 60<sup>th</sup> Anniversary at a summit meeting in Strasbourg and Kehl. The Alliance's leaders welcomed President Sarkozy's decision to bring France back into NATO's military structures, and Albania and Croatia as new members. Anders Fogh Rasmussen was unanimously elected as the new NATO Secretary-General. The Alliance published a Declaration on Alliance Security, and set work in hand on a new Strategic Concept. Measures to reform and streamline NATO structures were agreed, and the Secretary General is now engaged in discussions with Allies towards much more ambitious reform, supported strongly by the UK and others.

2.102 The UK continued to make a significant contribution to NATO-led operations and missions. Since March 2009, the UK has increased the number of troops participating in NATO's ISAF in Afghanistan by 1,200 to 9,500. The UK took its turn in taking the rotational command of RC(S) in November 2009, has continued to provide a Provincial Reconstruction Team in Lashkar Gah together with a sizeable contribution to the NATO Training Mission–Afghanistan and has provided a number of key staff to the newly-formed ISAF Joint Command.

2.103 The UK also continued to support the NATO Response Force (NRF), making regular force contributions, including a Maritime Component Command Flagship from January to June 2009, the Land Component Command HQ from July to December 2009, and an Anti-Submarine Warfare Escort Ship and a Deployable Air Operating Base with associated aircraft from January to June 2010. In June 2009, NATO Defence Ministers agreed a new model for the NRF to enable more sustainable and predictable force generation. This model included for the first time an overt collective defence role for the NRF.

## **Common Security and Defence Policy (CSDP) (Formally European Security and Defence Policy)**

2.104 The EU is developing structures to enhance the civilian/military approach to security and Defence. While these structures are being developed, the UK continues to ensure that the EU is focused on delivery of more capable, coherent and effective policy and activity that remains supportive of, and complementary to, NATO.

2.105 In addition to Operation ATALANTA (see Counter-Piracy section paragraph 2.47) we continued to support Operation ALTHEA in Bosnia-Herzegovina, with five staff officers in headquarters posts, in making progress towards implementing the remaining military tasks under the Dayton Peace Agreement. The EU Council recently decided that the operation would begin to provide non-executive capacity building and training support from the existing operation configuration. It also agreed that the executive mandate would continue in accordance with UN SCR 1895 and announced that it was prepared to consider extending the mandate beyond 2010 should the situation require.

---

<sup>1</sup> For more information see Updates to the UK National Action Plan to Implement UNSCR 1325 (<http://www.fc.gov.uk/resources/en/pdf/unscr-1325-uk-action-plan>).



2.106 The UK provided one of the two EU Battlegroups on standby for the EU Battlegroup roster between January and July 2010. This commitment is provided with the Netherlands as the UK/NL Amphibious force. Importantly, the UK element of this battlegroup is also committed to the UK JRRF and is not solely assigned to duties for the EU.

### **Conventional Arms Control**

2.107 The impact of Russia's unilateral suspension of the Treaty on Conventional Forces in Europe (CFE) in December 2007 continued to dominate the progress of conventional arms control. Although the UK and NATO allies have been working to address the issues surrounding Russia's suspension, there has been no real sign of movement. Consequently there has been little CFE activity and no progress in the introduction of the Adapted CFE Treaty. The activities associated with the Vienna Document 1999 have continued, and there have been notable successes using the Open Skies Treaty, the UK accompanying Russian and Georgian personnel on missions to their respective countries. These missions represented the first post-conflict military co-operation between the two countries and were very well regarded by the international community. During the year, the UK hosted six inbound verification missions from other states and led or participated in 30 outbound verification missions. Overall participation in these activities has contributed to the continued Confidence- and Security-Building Measures across Europe, even with the limitations resulting from the Russian suspension of CFE.

### **Disarmament**

2.108 MOD has been working with the FCO to support the passage of the Cluster Munitions (Prohibitions) Bill through Parliament. The aim has been for it to complete the legislative process in time for the UK to ratify the Convention on Cluster Munitions and attend the First Meeting of State Parties in Laos in November 2010 as a State Party. The UK has withdrawn all Cluster Munitions from service and has embarked on a destruction programme.

### **Arms Trade Treaty**

2.109 Work has continued towards a legally binding Arms Trade Treaty (ATT) that will seek to prevent weapons reaching the hands of terrorists, insurgents and human rights abusers. The UK remains committed to this through securing an ATT where states will apply common high standard criteria in assessing whether or not to export conventional arms. Negotiations have led to acknowledgement by UN member states of the lack of widespread international export control regulation in respect of conventional arms. In response, MOD supported a UK resolution tabled at the UN First Committee that proposed the start of formal negotiations on an ATT in 2010, leading to a UN conference in 2012. The resolution was passed with 153 states voting in favour, demonstrating the UN's willingness and commitment to developing a multilateral comprehensive Treaty.

### **Small Arms and Light Weapons**

2.110 No new disarmament projects were initiated in 2009. Previously instigated programmes to collect and destroy weapons that were a legacy of conflict in Guinea Bissau, the Republic of Congo, Burundi, and Rwanda were drawn down to a successful conclusion, providing an increased prospect of peace and stability to this region.

## **Space Security**

2.111 Recognition of the strategic importance of space is rapidly growing. The weaponisation of outer space continues to pose a threat to global security, not least because of the dependence of the military on satellite-based technology. MOD continues to support FCO on the development of the EU 'Code of Conduct on Outer Space Activities' and has contributed to a review of Space policy by the Cabinet Office.

## **Proliferation Security Initiative**

2.112 The Proliferation Security Initiative (PSI) is a world-wide effort that aims to stop trafficking of weapons of mass destruction, their delivery systems, and related materials to and from States and non-State actors of proliferation concern. Participating States commit to strengthen national legal authorities, exchange relevant information and - within the confines of International Law - undertake measures to interdict illicit transfers. The sixth year of the PSI has coincided with a fresh approach from the new US Administration and the founder members, who have sought to reinvigorate the initiative as a counter-proliferation tool.

2.113 MOD led a cross-Whitehall delegation at the 2009 Operational Experts Group, where the main outcome was an agreement to "institutionalise" the initiative and so place it on a stronger footing to take action. Concrete proposals will be discussed at the next Operational Experts Group, which will be hosted by Japan. Meanwhile, the number of States that have endorsed the PSI Statement of Interdiction Principles has risen to 95, with the Republic of Korea the latest to do so in May 2009.

## **Countering the Threat from WMD**

2.114 The proliferation of weapons and materials of mass destruction, and the possibility of state or non-state actors acquiring, and using, chemical, biological, radiological or nuclear material remains a key concern. In the context of the wider UK commitment to provide security for the nation, its citizens and allies, MOD maintained its support to reduce the threat through the provision of expert assistance to help influence and strengthen domestic and international counter-proliferation policy.

2.115 Working closely with the FCO, Business, Innovation and Skills, the Department for Energy and Climate Change (DECC) and Her Majesty's Revenue and Customs (HMRC), MOD provided support to international export control regimes and input into the development of non-proliferation treaties and agreements to meet key UK security objectives. From a broader perspective, MOD supported UK efforts in working with our international partners to contribute to the non-proliferation objectives of the UK Global Threat Reduction Programme and the G8 Global Partnership.

## **Nuclear Arms Control**

2.116 Nuclear proliferation continues to pose a significant strategic threat to global security. The Non-Proliferation Treaty (NPT) Review Conference in May 2010 presented a key opportunity for the UK to re-energise the grand bargain at the heart of the treaty: a balance between the three pillars of preventing proliferation of nuclear technology, expanding access to civil nuclear power, and delivering progress towards multilateral disarmament. In July 2009, the then Prime Minister launched 'The Road to 2010: addressing the nuclear question in the twenty first century'. This publication outlined the UK approach to the NPT ahead of the Review

Conference in May 2010. MOD has continued to work closely with the FCO, DECC and other colleagues both across Whitehall and internationally to build consensus. In September 2009 MOD hosted a conference for the P5 nations to discuss confidence-building measures towards nuclear disarmament ahead of the May NPT Review Conference. This was the first conference of this kind and demonstrates how the UK is taking a leading role in this agenda.

2.117 The UK has also highlighted the need to strengthen nuclear security. As access to civil nuclear power expands throughout the world, it is of fundamental importance that fissile material security is strengthened. International governance also requires strengthening if real progress is to be made – a new global nuclear security regime would require new rules and a strengthened International Atomic Energy Agency to monitor and help enforce implementation.

2.118 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 UK has restated its desire for the opening of negotiations without preconditions on a Fissile Material Cut-Off Treaty at the Conference on Disarmament in Geneva.

2.119 As part of the previous Government's wider nuclear strategy, and to help drive the multilateral disarmament agenda forward, MOD has 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. This ground-breaking research has continued to make progress, and two further joint exercises were held with Norway and VERTIC in 2009.

### **Chemical and Biological Arms Control**

2.120 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 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. MOD effectively completed its assistance programme in support of the chemical weapons destruction facility at Shchuch'ye in the Russian Federation.

2.121 MOD has implemented a variety of major construction and procurement projects at Shchuch'ye, managing funds worth over £90M contributed by the UK, Canada, France and 10 other international donors. The MOD programme contributed substantially to the successful start of operations in March 2009 and helped Russia to meet the deadline of 31 December 2009 for destruction of 45% of its originally declared stockpile of some 40,000 tonnes of chemical weapons. By this date, the Shchuch'ye facility had destroyed over 360,000 artillery munitions containing more than 1,100 tonnes of the nerve agent sarin.

2.122 MOD is continuing to develop its biological non-proliferation programme, in close co-operation with the US and Canada. In 2009 MOD initiated new co-operative projects working with biological scientists in Georgia, Azerbaijan, Iraq, Kyrgyzstan and Tajikistan aimed at promoting safe and secure work in areas of potentially "dual use" biological science, and

reducing the risks of misuse by terrorists and others. The projects and activities implemented by MOD include: training in biosafety, modern diagnostics and disease surveillance, covering both human and animal diseases; surveillance of key crop pathogens; technical advice and training for laboratories holding dangerous pathogens; and participation in a regional workshop in support of BTWC implementation.

2.123 Most of the projects in the Former Soviet Union are being implemented through the International Science and Technology Centre in Moscow. MOD is working closely with the UK Health Protection Agency, Veterinary Laboratories Agency, Food and Environment Research Agency, and other expert UK bodies to provide technical expertise, identify potential non-proliferation projects that can also provide public health and agricultural projects, and encourage the sustainable development of international biosafety and biosecurity capabilities in the life sciences.

### **Export Controls**

2.124 MOD continued to provide support to the UK's contribution to multilateral export control regimes and arrangements. These international fora seek to strengthen export control arrangements relating to conventional weapons, associated dual-use equipment and technology, and equipment and technology that could potentially, contribute to a nuclear, biological or chemical weapons programme.

2.125 MOD provided technical input to UK efforts to strengthen the Control Lists of the Nuclear Suppliers Group (NSG), the Missile Technology Control Regime (MTCR) and the Australia Group (AG). Expert policy advice was also provided through the submission of formal UK proposals to update and improve the internal processes of these regimes. This included suggestions on how to stimulate continued engagement between meetings – aimed at streamlining decision-making processes - and suggestions on how to improve external communications to develop public understanding of the regimes.

2.126 Through 2009-10 MOD continued to advise Business, Innovation and Skills on the potential effect of proposed exports on the defence and security of the UK and our allies, and, in respect of export licence applications, to assess the risk of diversion of the goods concerned to an undesirable end-user. Details of licensing decisions and performance achieved in processing export licence applications are published in the 'Annual Report on Strategic Export Controls'.

### **Countering Terrorism – MOD Contribution To Public Service Agreement 26**

2.127 Defence contributed to all work streams of the Government's counter-terrorist strategy (CONTEST) using its military capability. It supports *Pursue* through operations overseas to detain terrorists and deal with insurgencies, as well as through intelligence collection and counter-terrorism capacity building for partner nations (which together with conflict prevention work, also supports *Prevent*) and support to overseas law enforcement and security agencies. MOD supported *Protect* by encouraging improved domestic security and co-operation between the Armed Forces and the UK civilian Emergency Services. In the event of a terrorist attack that exceeds the capability or immediate capacity of the UK civilian response, MOD can provide support to *Prepare* through Military Aid to the Civil Authorities.

**Green Paper**

2.128 The Green Paper on Defence published in February 2010 recognised the important role that counter-terrorism capabilities play. These capabilities were also a key issue for the Strategic Defence and Security Review.

**Olympics**

2.129 We have closely aligned our planning effort for this major event with that of the Olympic Security Directorate (OSD) of the Home Office. Three military staff officers have also been seconded to OSD to provide dedicated military advice and planning assistance. Work is in hand to scope the potential contribution that Defence can make to security arrangements for the Olympics.

**Section D - Reputation**

**Defence in the Public Eye**

2.130 The work of the MOD and the Armed Forces is high-profile and rarely out of the public eye. The MOD works hard to ensure that Parliament, the public, the media and other stakeholders understand our role, what we do, and why we do it. The results of independent public opinion polling conducted on our behalf show that the UK population continues to be highly favourable towards the UK Armed Forces. Public views on equipment and the support we give to our people have also shown increases, although that for equipment in particular remains far lower than we would wish and, we believe, represents a serious mis-perception. The reputation of the MOD has continued to steadily improve and is now at its highest level since our polling began.

**Table 2.3 – Improve external opinion of the MOD and the Armed Forces**

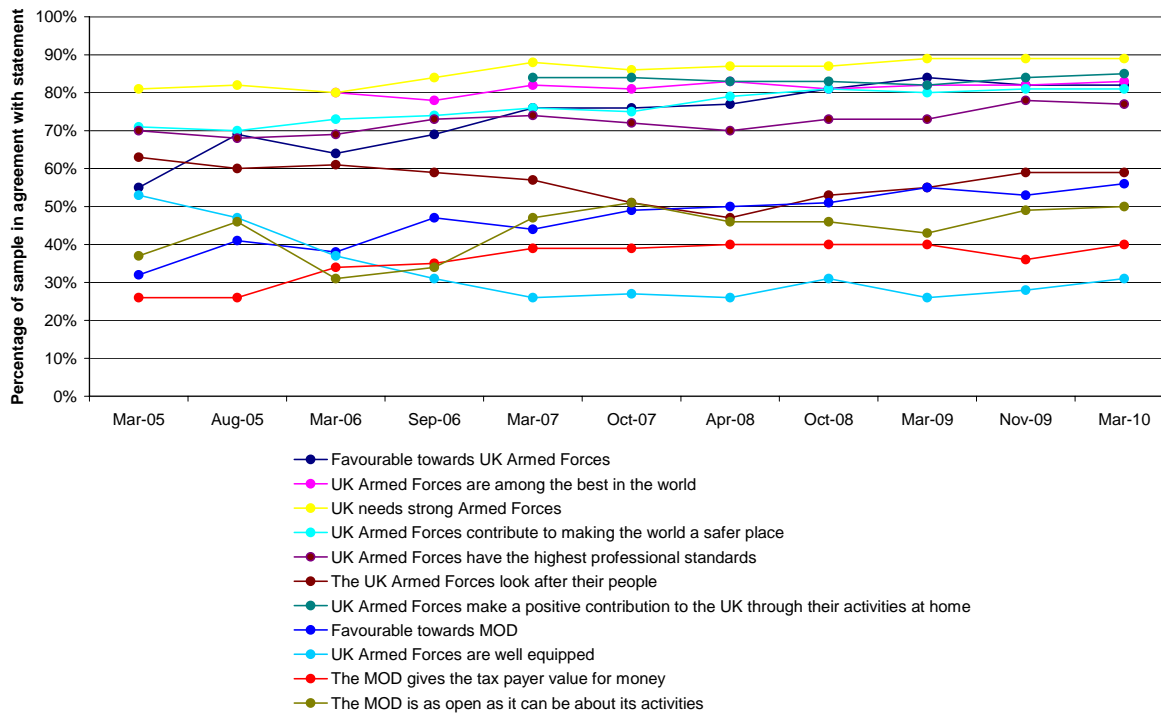
Favourable ratings for Armed Forces			
March 2010	October 2009	March 2009	April 2008
82%	82%	84%	77%
Unfavourable ratings for Armed Forces			
4%	3%	2%	4%
Favourable ratings for MOD			
March 2010	October 2009	March 2009	April 2008
56%	53%	55%	50%
Unfavourable ratings for MOD			
11%	14%	9%	12%

**Table 2.4 – External Opinion Survey headlines**

Armed Forces	March 2010	March 2009	Ministry of Defence	March 2010	March 2009
Favourable towards Armed Forces	82%	84%	Favourable towards MOD	56%	55%
UK Armed Forces are among	83%	82%	UK Armed Forces are well	31%	26%

the best in the world			equipped		
UK needs strong Armed Forces	89%	89%	MOD gives the taxpayer value for money	40%	40%
UK Armed Forces contribute to making the world a safer place	81%	80%	MOD is as open as it can be about its activities	50%	43%
UK Armed Forces have the highest professional standards	77%	73%			
UK Armed Forces look after their people	59%	55%			
UK Armed Forces make a positive contribution to the UK through their activities at home	85%	82%			

**Figure 2.5 - External Polling Results, 2005-10**



**Table 2.5 -**

	Mar-05	Aug-05	Mar-06	Sep-06	Mar-07	Oct-07	Apr-08	Oct-08	Mar-09	Nov-09	Mar-10
Favourable towards UK Armed Forces	55%	69%	64%	69%	76%	76%	77%	81%	84%	82%	82%
UK Armed Forces are among the best in the world			80%	78%	82%	81%	83%	81%	82%	82%	83%

UK needs strong Armed Forces	81%	82%	80%	84%	88%	86%	87%	87%	89%	89%	89%
UK Armed Forces contribute to making the world a safer place	71%	70%	73%	74%	76%	75%	79%	81%	80%	81%	81%
UK Armed Forces have the highest professional standards	70%	68%	69%	73%	74%	72%	70%	73%	73%	78%	77%
The UK Armed Forces look after their people	63%	60%	61%	59%	57%	51%	47%	53%	55%	59%	59%
UK Armed Forces make a positive contribution to the UK through their activities at home					84%	84%	83%	83%	82%	84%	85%
Favourable towards MOD	32%	41%	38%	47%	44%	49%	50%	51%	55%	53%	56%
UK Armed Forces are well equipped	53%	47%	37%	31%	26%	27%	26%	31%	26%	28%	31%
The MOD gives the tax payer value for money	26%	26%	34%	35%	39%	39%	40%	40%	40%	36%	40%
The MOD is as open as it can be about its activities	37%	46%	31%	34%	47%	51%	46%	46%	43%	49%	50%

2.131 Defence communications activity remained aligned to the previous Administration's top Departmental communication priorities of operations, personnel and equipment. Strategic communications in support of the UK's mission in Afghanistan has been the highest priority.

### Internal Communication

2.132 Good internal communication is vital to Defence: it supports our reputation as a top class employer which values people, and helps our people to understand and deliver Defence objectives. Key internal communication campaigns have focussed on continuing to update our people on our presence in Afghanistan and explaining the funding challenges we face. The launch of the Strategy for Defence and the previous Administration's Defence Green Paper (in preparation for a Strategic Defence and Security Review) saw corporate channels, internal publications, road shows and other staff engagements employed to enhance understanding of current priorities and the future of Defence.

### Reputation among Service and Civilian Personnel

2.133 We carry out an annual survey to determine the views of our own people— Service and Civilian— on Defence issues and the Armed Forces. Our most recent poll conducted in spring 2010, shows that the majority of our people agree that both the Armed Forces and the MOD are a force for good. There have been reductions in a couple of areas but internal views about how well people feel they are equipped have shown a significant rise.

**Table 2.6 – 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 2010	Spring 2009	Spring 2008
-------------	-------------	-------------

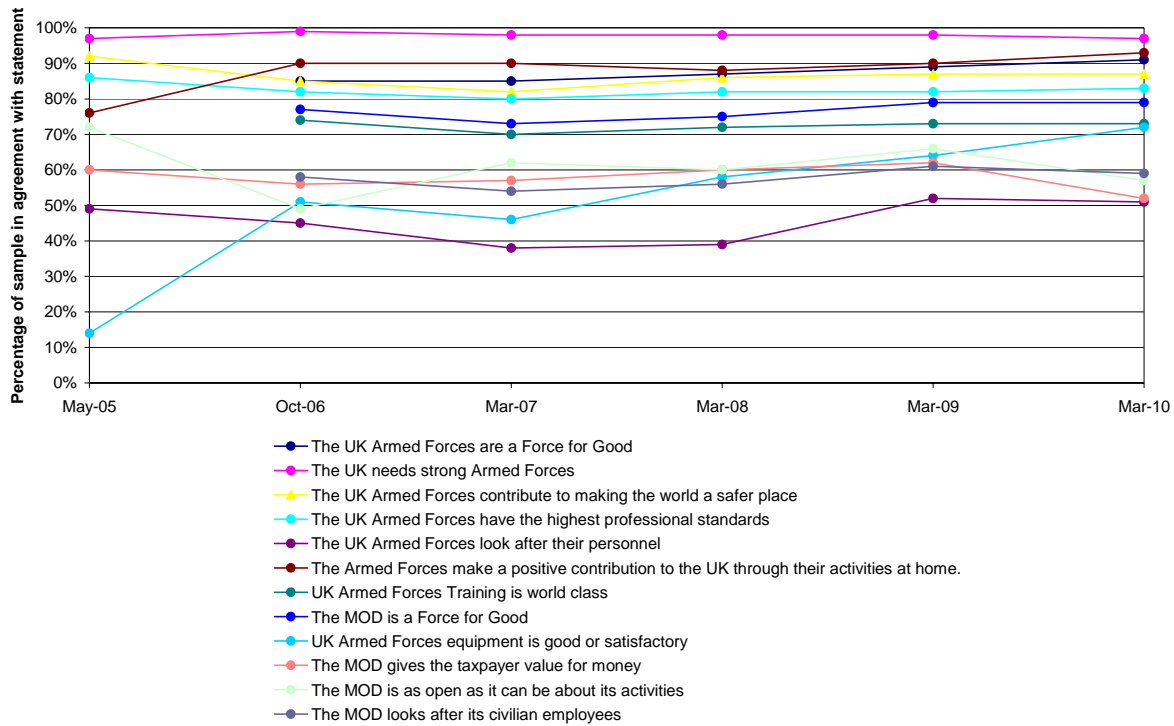
91%	89%	87%
% of Service and civilian personnel thought that the MOD was a Force for Good		
Spring 2010	Spring 2009	Spring 2008
79%	79%	75%

**Table 2.7 – Internal Opinion Survey headlines**

Armed Forces	March 2010	March 2009	Ministry of Defence	March 2010	March 2009
UK Armed Forces are a Force for Good	91%	89%	MOD is a Force for Good	79%	79%
UK Armed Forces are among the best in the world	91%	92%	UK Armed Forces equipment is good or satisfactory	72%	64%
UK needs strong Armed Forces	97%	98%	MOD gives the taxpayer value for money	52%	62%
UK Armed Forces contribute to making the world a safer place	87%	87%	MOD is as open as it can be about its activities	57%	66%
UK Armed Forces have the highest professional standards	83%	82%	MOD looks after its civilian employees	59%	61%
UK Armed Forces look after their personnel	51%	52%			
UK Armed Forces make a positive contribution to the UK through their activities at home	93%	90%			
UK Armed forces training is world class	73%	73%			



**Figure 2.6 – Internal Polling Results, 2005-10**



	<b>May-05</b>	<b>Oct-06</b>	<b>Mar-07</b>	<b>Mar-08</b>	<b>Mar-09</b>	<b>Mar-10</b>
The UK Armed Forces are a Force for Good		85%	85%	87%	89%	91%
The UK needs strong Armed Forces	97%	99%	98%	98%	98%	97%
The UK Armed Forces contribute to making the world a safer place	92%	85%	82%	86%	87%	87%
The UK Armed Forces have the highest professional standards	86%	82%	80%	82%	82%	83%
The UK Armed Forces look after their personnel	49%	45%	38%	39%	52%	51%
The Armed Forces make a positive contribution to the UK through their activities at home.	76%	90%	90%	88%	90%	93%
UK Armed Forces Training is world class		74%	70%	72%	73%	73%
The MOD is a Force for Good		77%	73%	75%	79%	79%
UK Armed Forces equipment is good or satisfactory	14%	51%	46%	58%	64%	72%
The MOD gives the taxpayer value for money	60%	56%	57%	60%	62%	52%
The MOD is as open as it can be about its activities	72%	49%	62%	60%	66%	57%
The MOD looks after its civilian employees		58%	54%	56%	61%	59%

2.134 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**

2.135 In 2009-10, the MOD received 2,898<sup>1</sup> requests for information under the Freedom of Information Act 2000; the MOD's record on timeliness in respect to its responses to Freedom of Information requests has declined from previous high levels but action is in hand to reverse this decline. 49% of requests were answered within the 20 working day statutory time limit, and 48% of 'resolvable requests'<sup>2</sup> were answered in full. MOD refused only 8% of requests in full, on the grounds that information was exempt from disclosure under the provisions of the FOI Act 2000. We keep our internal operating procedures under regular review. Formal training,

seminars and workshops establish and maintain the necessary levels of expertise in business units. In-house guidance has been continuously improved and updated to reflect the evolving views of the Information Commissioner, the Information Tribunal, and policy developments issued by the Ministry of Justice. The publication scheme continues to expand with new content and was assessed generally positively, although with some areas for improvement, in the Information Commissioner's monitoring of central Government publication schemes.

Table 2.9 - Requests for information under the Freedom of Information Act in Financial Year 2009-10

Category	MOD performance	Total for Central Government Departments
Number of requests received <sup>1</sup>	2,898	24,570
Of these:		
% of requests responded to within 20 working days	49%	77%
% of requests answered 'in time' <sup>2</sup>	56%	83%
Total of 'resolvable requests' <sup>3</sup>	2,572	18,713
Of these:		
% of resolvable requests answered in full	48%	54%
% of resolvable request refused in full	8%	22%
% of resolvable requests refused in part	5%	11%
% resolvable requests yet to receive a response at the time these statistics were collected	39%	13%

**Notes:**

1. *This includes requests received by MOD Executive Agencies and Trading Funds*
2. *In time means those receiving a substantive response within 20 working days, plus those where an extension to the timescale for response has been applied during the initial 20-working day period, under the terms of section 10 of the FOI Act 2000*
3. *Resolvable requests are those to which a substantive response can be given, and excludes lapsed or on-hold requests, or those where the information is not held or where clarification was required.*

## 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 two areas of activity:

**E. Personnel:** Provide sufficient capable and motivated Service and Civilian personnel to meet the requirements of Defence.

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

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

## Section E – People

### Regular Service Personnel - Sufficient

3.1 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.

**Table 3.1 – Regular Service Personnel: Sufficient Trained Strength**

Trained strength of the Armed Forces was 99.5% of overall requirement as at 1 April 2010

	Number as at 1/4/2010	% of requirement as at 1/4/2010	% of requirement as at 1/4/2009	% of requirement As at 1/4/2008
<i>Naval Service</i>	35,500	99.2%	97.9%	96.7%
<i>Army</i>	102,200	100%	97.5%	96.5%
<i>RAF</i>	40,140	98.4%	96%	98.5%
				DASA (Quad-Service)

#### NOTES

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

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.

The Armed Forces was 97.2% of overall requirement as at 1 April 2009

**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 2010	1 April 2009	1 April 2008	1 April 2010	1 April 2009	1 April 2008	1 April 2010	1 April 2009	1 April 2008
<b>Trained Requirement</b>	35,790	35,760	39,260	102,160	101,790	101,800	40,800	41,310	41,210
<b>Trained Strength</b>	35,500	35,020	35,070	102,200	99,250	98,270	40,140	39,660	40,620
<b>Variation</b>	-290	-740	-1,190	+40	-2,540	-3,530	-660	-1,660	-590
<b>Untrained Strength</b>	3,560	3,940	4,040	11,110	12,160	11,540	3,940	4,310	3,130
<b>Total UK Regular Forces</b>	39,310	38,960	39,110	113,970	111,410	109,810	44,500	43,970	43,750
									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.

3.2 Manning levels are at their highest for several years as a result of high levels of interest in a career in the Armed Forces and very low Voluntary Outflow rates. Overall, at 1 April 2010, the Armed Forces were in Manning Balance with a trained strength of 177,840, 99.5% of the 178,750 requirements (see Tables 3.1 and 3.2). This represents a shortfall of some 910 personnel and shows an improving situation when compared with a deficit of 3,920 personnel at 1 April 2009.

3.3 At 1 April 2010, the Royal Navy was in Manning Balance. The trained strength of the Naval Service was 35,500; 99.2% of the 35,790 requirement. Compared with the same period last year, trained strength deficit against requirement has decreased to 0.8% (290) at 1 April 2010 from 2.1% (740) at 1 April 2009.

3.4 At 1 April 2010, the Army was at Full Strength. The trained strength of the Army was 102,200; just over 100% of the 102,160 requirement. Compared with the same period last year, trained strength deficit against requirement decreased to 0% at 1 April 2010 from 2.5% (2,540) at 1 April 2009.

3.5 At 1 April 2010, the RAF entered Manning Balance. The trained strength of the RAF was 40,140; 98.4% of the 40,800 requirement. Compared with the same period last year, trained strength deficit against requirement has decreased to 1.6% (660) at 1 April 2010 from 4.0% (1,660) at 1 April 2009.

### **Manning Pinch Points**

3.6 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. Each Service maintains a list reflecting operational commitments and manning levels within branches and trades as they vary over time. The position as of 1 April 2010 is set out at Table 3.3 below.

**Table 3.3 – Operational Pinch Points**

#### **TRI-SERVICE OPERATIONAL PINCH POINT DATA AS AT 30 JUNE 2010**

<b>Ser</b>	<b>Naval Service Operational Pinch Point Trades as at 30 June 2010</b>	<b>Liability / Shortfall No / %</b>
1	Leading Aircraft Controllers	73 / 34 / 47%
2	Rotary Wing Pilots	607 / 71 / 12%
3	Rotary Wing Observers	398 / 49 / 12%
4	Anti-Submarine Warfare Aircrewmen	89 / 22 / 24%
5	Lieutenants Mine Clearance Diver/Mine Warfare Officer	66 / 10 / 15%
6	Strategic Weapon System Leading Hands	28 / 9 / 32%

(Control and Monitoring Panel Watch Keeper)

7	Seaman Specialists (OR 2-7)	684 / 117 / 17%
8	Royal Marine Other Ranks (General Service) (OR 2-9)	6070 / 160 / 3%
9	Leading Air Engineering Technicians.	833/ 281 / 34%
10	Family Services	36 / 11 / 31%

<b>Ser</b>	<b>Army Operational Pinch Points as at 30 June 2010</b>	<b>Liability / Shortfall No / %</b>
1	Int Corps Operator Military Intelligence – Cpl-Sgt	640 / 168 / 26%
2	Military Provost Staff	101 / +6 / +6%
3	INT CORPS Mil Linguist	262 / 163 / 62%
4	AGC(RMP) SIB Sgt-WO1	178 / 12 / 7%
5	RA Unmanned Ariel Vehicle Operator Bdr/Sgt L3/L4	135 / 41 / 30%
6	RE Resources Specialist Spr-LCpl	225 / 122 / 54%
7	RAMC CMT Class 1 Cpl-Sgt	720 / 313 / 43%
8	RE Geospatial Engr LCpl-Sgt Class 1	188 / 58 / 31%
9	RA Weapon Locating Radar Detachment Commander	32 / 4 / 13%
10	Infantry Pte-Cpl.	18678 / 508 / 3%
11	RA Captains.	285 / 41 / 14%
12	Pharmacist Offr Capt +	21 / 11 / 48%
13	RA Observation Post Assistant	375 / 53 / 14%
14	AGC(RMP) General Police Duties LCpl-Sgt.	1119 / +21 / +2%
15	REME Avionics Technician - Cpl-Sgt Class 1.	172 / 51 / 30%

<b>Ser</b>	<b>Army Medical Operational Pinch Points as at 30 June 2010</b>	<b>Liability / Shortfall No / %</b>
1	AMS ITU Nurse Cpl-Capt	121 / 78 / 65%
2	Emergency Nurse Cpl-Capt	101 / 32 / 32%
3	Infection Control Nurse	18 / 14 / 87%
4	Orthopaedic Surgeon Maj+	13 / 3 / 23%
5	General Surgeon Maj+	16 / 5 / 34%
6	Register Nurse (Adult Health) Cpl+	374 / 93 / 25%
7	General Medical Practitioner Capt +	153 / 20 / 13%
8	Radiologist Maj+	4 / 1 / 25%
9	Radiographer Cpl-WO1	23 / 7 / 30%
10	Anaesthetist Maj+.	49 / 26 / 53%

Ser	RAF Operational Pinch Point Trades as at 30 June 2010	Liability / Shortfall No / %
1	Operations Support (Intelligence)	250 / 10 / 2%
2	Intelligence Analyst	700 / 70 / 10%
4	Weapons System Operator (Crewman)	520 / +20 / 4%
5	Flying Branch: Pilot (Junior Officer and Squadron Leader)	1980 / 200 / 10%
6	Operations Support (Regiment)	280 / 30 / 11%
7	Medical Officer	280 / 60 / 23%
8	Medical Nursing Officer	180 / 150 / 16%
9	Gunner	1920 / 0 / 0%
10	Logistics (Movements)	900 / 860 / 5%
11	General Technician (Mechanical)	930 / 140 / 15%
12	Operations Support (Air Traffic Control)	370 / 10 / 0%

### Royal Navy

3.7 Navy Operational Pinch Point trades reduced from 27 to 19 since 2008-09. Logs(Catering Services) (Prep)Leading Hands and Logs(Personnel) Junior Ratings have been removed from the list. Family Services have been added to the list because manpower shortages are hampering the delivery of key objectives, such as the establishment of new offices in northern UK, to speed reaction times for support to Operation HERRICK.

### Army

3.8 The Army currently has 17 Operational Pinch Points, an increase of six since 2008-09. REME Aircraft Technician Class 1 LCpl-Sgt has been removed from the Pinch Point list and RAVC Dog Handler LCpl-Sgt has been added, as there is a greater demand for more experienced handlers as the training pipeline takes time to deliver. The trade RA Multi Launch Rocket System Detachment Commander has also been added to the manning Pinch Point list.

### RAF

3.9 RAF operational Pinch Points have decreased from 14 to 12 since 2008-09. Some trades have been combined. Two new additional trades are Operations Support (Air Traffic Control) and Intelligence Analyst (Voice) where a shortage at base rank has taken the trade onto the operation Pinch Point list.

### Recruitment

3.10 All three Services are continuing to exploit a high level of interest in a career in the Armed Forces. As each of the Services are in Manning Balance (the Army is at Full Strength) the main effort is now to correct the imbalances in structures and Pinch Point trades.



**Table 3.4 – Intake to UK Regular Forces from civilian life**

	Naval Service			Army			Royal Air Force		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
<b>Officer Intake</b>	390	210	290	14,180	890	1,060	3,470	410	390
<b>Other Ranks Intake</b>	3,760	3,800	3,580	800	13,620	13,480	400	3,840	2,540
<b>Total Intake</b>	4,150	4,000	3,860	13,390	14,510	14,540	3,070	4,260	2,930
									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 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.

3.11 The MOD continued to monitor a number of underlying socio-economic factors that are affecting recruitment activity. These include the 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 on the reputation of the Armed Forces. We expect these to remain key challenges for us.

3.12 Spending by the Royal Navy on advertising, outreach and public relations for recruiting purposes was £12.182M. This includes costs of national and regional recruitment advertising, careers publications (print and DVD), the recruitment section of the website, online promotional activities including the development of social networking and mobile applications and specific shortage campaigns targeting risk areas. It does not include manpower and travel related costs.

3.13 The Royal Navy has also developed a schools educational programme comprising of a series of interactive tools where students engage in a series of challenges to replicate floating a submarine, building a turbine engine and carrying out a Replenishment at Sea. To improve the fitness of candidates, a mobile fitness tool has been developed to prepare candidates for the pre-joining fitness test and to help them maintain their fitness between recruit selection and phase 1 training. The Royal Navy is continuing to develop its digital marketing strategy to improve the cost effectiveness of its advertising and to engage more effectively with the target audience. Regular Service recruiting achievement during 2009/10 reached 100% in most areas,

the most serious shortfall being Weapons Engineer Officer. This success is due, in part to the economic climate, but also to the successful marketing campaigns run since January 2007.

3.14 In recruiting year 2009-10 the economic climate and successful marketing campaigns also had a significant impact on the increased number of people enquiring about a career in the Army, both on-line and by visiting recruitment offices. These effects, coupled to effective targeting, accelerated improvements in Army recruiting. 12,365 Other Rank entrants to training were delivered in Recruiting Year 2009-10. The Army Recruiting Group's national marketing spend on attracting Regular and Territorial Officers and Soldiers was £6.468M in 2009-10. This represents a significant reduction on the previous year, as the Group realised efficiencies and shifted its focus from TV to digital media. This figure also reflects a 'stop' on national marketing from mid September 2009. The early 2009 "Start Thinking Soldier" campaign broke new ground in recruit marketing through its innovative use of online challenges and was rewarded with the award for Best Overall Work at the prestigious UK Recruitment Advertising Awards.

3.15 The overall RAF recruitment target of 3,840 in 2009-10 was some 11% lower than the previous year. Against this target, the intake of 3,583 at 31 March 2010 was a comparable achievement in percentage terms with the previous year (4,260 in 2008-09). Spending by the RAF on recruitment advertising and marketing totalled £10.6M. 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.

### Trained Inflow

3.16 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 the 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.

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

	2009-10			2008-09		
	Target	Achieved		Target	Achieved	
<b>Naval Service Officers</b>	363	390	107%	420	460	110%
<b>Naval Service Other Ranks</b>	3060	2920	95%	3,510	2,900	83%
<b>Army Officers</b>	662	700	106%	660	750	114%

<b>Army Other Ranks</b>	8,878	9,440	106%	9,220	8,580	93%
<b>Royal Air Force Officers</b>	580	490	84%	480	460	96%
<b>Royal Air Force Other Ranks</b>	3020	2720	90%	2,230	2,180	98%

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 include 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 and subject to review.

### Retention and Voluntary Outflow

3.17 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. In addition some Service Personnel choose to leave the Service for a variety of reasons: this is called voluntary outflow (see Table 3.6). A reasonable level of voluntary outflow is necessary to maintain a balanced structure and promotion opportunities. The MOD monitors this closely, against 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.

**Table 3.6 – Voluntary Outflow Rates**

	<b>Year ending 31 March 2010</b>	<b>Year ending 31 March 2009</b>	<b>Year ending 31 March 2008</b>
Naval Service Officers	3.4%	4.0%	4.3%
Naval Service Other Ranks	4.2%	6.0%	6.3%
Army Officers	3.2%	5.5%	N/A
Army Other Ranks	4.3%	6.0%	N/A
RAF Officers	1.9%	2.9%	3.0%
RAF Other Ranks	2.9%	5.5%	5.1%
Tri-Service Officers	2.9%	4.4%	N/A
Tri-Service Other Ranks	4.0%	5.5%	N/A

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 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.

**Table 3.7 – Outflow of UK Regular Forces (Trained Strength)**

	Naval Service			Army			Royal Air Force		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
<b>Officer Outflow</b>	140	150	170	390	360	1,160	260	340	460
<b>(Voluntary Outflow)</b>	220	260	280	450	750	N/A	160	250	260
<b>Other Ranks Outflow</b>	910	1,160	800	3,130	3,930	9,310	940	1,160	2,040
<b>(Voluntary Outflow)</b>	1,170	1,680	1,760	3,510	4,310	N/A	910	1,720	1670
<b>Total Outflow</b>	2,430	3,250	3,110	7,570	9,350	10,470	2,270	3,470	4,430
									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 and subject to review.
4. Figures are rounded to ten and may not sum precisely to the totals shown.

3.18 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 and financial retention initiatives. These incentives are particularly effective as a targeted measure of last resort to 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.

3.19 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 has been significant in raising the strength of the Armed Forces. However, the current low level of voluntary outflow is likely to rise as the economy improves and other employment opportunities become available. 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 and improved support to families, will have to be refined and targeted at the most vulnerable trades.

## **Regular Service Personnel – Capable**

### **Medical Provision for Service Personnel**

3.20 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.

3.21 In 2009/10, the National Audit Office (NAO) carried out an audit of the Defence Medical Services; its Report “Treating Injury and Illness arising on Military Operations” was published in February 2010. The report praised the quality of trauma care on operations, highlighting the numbers of “unexpected survivors”, who would usually be expected to die given the severe nature of their injuries. These positive findings reflect those of other recent major enquiries, such as those carried out by the House of Commons Defence Committee (Feb 2008) and the Healthcare Commission (Mar 2009).

3.22 During the year, the MOD continued to provide vital medical care to personnel on operations and deployments across the world. In mid-2009 the UK Medical Group completed its mission in Iraq and withdrew from the country along with the remainder of UK forces. Afghanistan remains the main effort for medical support and the Joint Force Medical Group has personnel deployed throughout the UK area of operations. The support they provide covers all aspects of medical care and includes intimate medical support to combat troops as well as evacuation capabilities and a Field Hospital at Camp Bastion in Helmand Province which has an advanced trauma, surgical and critical care capabilities.

3.23 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 serious multiple trauma injuries, as frequently sustained by our casualties. Military patients requiring orthopaedic or trauma care are normally cared for in Selly Oak’s military-managed ward, receiving clinical care from a combined team of military and civilian personnel. We continue to be 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. We will carry forward the military managed concept into the new Queen Elizabeth Hospital Birmingham, now approaching completion in Edgbaston. This will be Europe’s largest and most modern critical care teaching hospital, and is planned to start admitting patients in summer 2010.

3.24 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. MOD Ministers announced in May 2008 an extra £24m in capital funding over four years for a Headley Court development programme. Over the first two years (up to April 2010) this funding has been being mainly applied to the MOD contribution to the “Help for Heroes”

rehabilitation complex which was officially opened on 4 June 2010 and provides 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), and to a utilities upgrade for the whole site. While there is sufficient capacity at Headley Court, an additional 29 ward beds were opened in September 2010 as a contingency against any increase in demand for in-patient treatment

3.25 MOD-managed Regional Rehabilitation Units and Multi-disciplinary Assessment Clinics 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.

3.26 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 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 through a contract with an external provider, currently a partnership of seven NHS Trusts led by South Staffordshire and Shropshire NHS Foundation Trust, which allowed us to continue to offer treatment close to the patient's home or parent unit, using facilities at each of the Trusts concerned.

3.27 The MOD continued to work closely with the Department of Health to ensure effective co-ordination and sharing of best practice between the Defence Medical Services and the NHS. There were regular meetings with the newly refreshed Health Partnership Board as well as other bodies such as the Royal Colleges, and Medical Research Council.

3.28 The relationship between all UK Health Departments and the MOD is effective and responsive to need, based on sound and agreed principles. Considerable efforts from the senior teams in the Department of Health (England) and their regional structure has developed some good conduits of communication and mechanisms to make positive effect for serving personnel, their families and veterans. National policies in each of the home countries are assisting in this, from the work of the Scottish Government Armed Forces and Veterans Unit, or the English NHS Operating Framework, work on Life Care Planning and transition of care for seriously injured personnel. Northern Ireland has also agreed a policy around support to the Armed Forces and is hosting the 2010 Military and Civilian Health Partnership Awards, and Wales has drawn together key personnel from the military and health cadres to continue to take forward work on the local implementation of national policy in support of responsive services to particular needs of the armed forces community.

3.29 Medical management systems are also being further improved. The Defence Medical Information Capability Programme (DMICP) is now working successfully at almost all medical and dental centres in the UK and Germany. A variant of the system for use in locations where there is no continuous, direct connection with the central DMICP medical database has started to be rolled out on ships and deployed operations in Afghanistan, and in certain other overseas locations. This element of the roll-out will continue into next year. 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. Over time this should help increase the number of Service personnel medically fit for task. More generally, we have been working to improve the way we exchange information with the NHS, to improve the way we book appointments in NHS hospitals, and to ensure that those retiring are identified as veterans when they register with the NHS.

### **Transition Care Planning Protocol**

3.30 2009 has seen a great deal of work to establish closer liaison between the MOD and the Department of Health and Devolved Administrations with a particular view to improving the continuity of care for those leaving the Services. A Transition Care Planning Protocol is being established to facilitate earlier and closer links between the MOD and the NHS and other Government departments. This aims to ensure that when a Service person is medically discharged, the receiving carers already have a comprehensive support package in place. A trial of the protocol will be conducted over the summer of 2010 prior to wider implementation.

### **Regular Service Personnel – Motivated**

#### **Service Pay**

3.31 In March 2010 the independent Armed Forces' Pay Review Body recommended a 2.0% increase in military salaries, specialist pay, some compensatory allowances and reserve bounties. Other recommendations included the introduction of financial retention incentives to retain personnel essential to delivering key operational capability, a reduction of the Longer Separation Allowance entitlement threshold from seven to ten days and the extension of Unpleasant Living Allowance to cover Service personnel living and operating from Forward Operating Bases and Patrol Bases in Afghanistan.

#### **Deployment Welfare Package**

3.32 The direct link between morale and operational capability means that the welfare of Service personnel is a high priority. The Department provides a Deployment Welfare Package to support 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 world<sup>2</sup>; free email and internet access; free forces aerogramme letters and free electronic letter service; a free postal packet service for the Iraq and 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 and, where practicable, showers and a laundry facility and the provision of basic shop facilities.

3.33 The nature of operations in Afghanistan mean that the facilities in some of the forward areas are often more basic. However, the last year has seen considerable emphasis placed on improving provision to the Forward Operating Bases and Patrol Bases. Over 200 additional satellite handsets were procured, largely to supplement the provision in the forward areas. The

---

<sup>2</sup> 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.

latter part of 2009 has seen the start of WiFi access being rolled out into eight Forward Operating Bases. Additionally 12 more machines for sending electronic letters (e-blueys) are set for delivery to Afghanistan, six of which will go to Forward Operating Bases.

3.34 When units return home from operations, they spend a 24-36 hour period decompressing in facilities at Camp Bloodhound, Cyprus. Over 2009 research was conducted into the needs of individuals whilst in the camp and plans have been set to improve the capacity and the facilities at the Camp. Additional research is being conducted into the efficacy of decompression for individuals returning from operations which will inform the development of policy in this area.

3.35 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. A typical 650 man Battalion receives in the region of £30-£35k over the duration of a six month tour to look after the families.

### **Families Support**

3.36 There are now 4700 Service personnel using the Armed Forces Childcare Voucher Scheme, saving around £380K per month for individuals and saving £100K per month for MOD. In conjunction with HMRC and the DWP, the MOD introduced new legislation to enable Service spouses overseas to apply for National Insurance credits to protect their entitlement to contribution based benefits such as the basic state pension. This new measure took effect from 6 April 2010. The Job Centre Plus organisation, part of the DWP, has appointed Armed Forces Champions to assist Service spouses to find employment on relocation. We have introduced a policy to enable Service personnel and spouses maintain stability when accessing assisted conception services from the NHS such as IVF treatment. We have worked with the Home Office on the Cross-Government Strategy on Violence Against Women and Girls and with Department for Children, Schools and Families on the Families and Relationships Green Paper to ensure that the interests of Service families are supported by these initiatives.

### **The Armed Forces Home Ownership Scheme - Pilot**

3.37 A pilot shared equity scheme "The Armed Forces Home Ownership Scheme (Pilot)" was launched on 26 January 2010. This is a joint initiative with the Department of Communities and Local Government. The pilot scheme is intended to test a specific approach towards encouraging home ownership in the Armed Forces. It is designed for full time, permanent members of the Armed Forces with between four and six years service who wish to buy a property in England.

### **Inquests**

3.38 Every death of a Service man or woman killed in an operation overseas whose body is repatriated via RAF Lyneham is subject to an inquest. The timing of an inquest is a matter for the relevant Coroner. As of 1 Apr 2010, there were 449 operational deaths in Iraq and Afghanistan since we deployed to Afghanistan in 2001. Inquests have been completed into 319 of these deaths (71%). In 2009/10, 107 inquests were completed.

3.39 The MOD expects that for straightforward cases, inquests should be completed in between nine and twelve months and up to twenty four months for the more complicated cases unavoidably involving Service Inquiries. In some cases inquests have been completed in as



little as four months. MOD continues to support Coroners to help reduce the time it takes for inquests to be completed.

3.40 The Coroners and Justice Act 2009 (the Act) received Royal Assent on 12 November 2009 ([http://www.opsi.gov.uk/acts/acts2009/ukpga\\_20090025\\_en\\_1](http://www.opsi.gov.uk/acts/acts2009/ukpga_20090025_en_1)). The Act is planned to be implemented by April 2012. The following changes will have an effect on MOD.

3.41 A Chief Coroner will be appointed and he/she will have responsibility for overseeing the coronial system throughout England and Wales. The Chief Coroner will prepare an annual report for the Lord Chancellor, which must include details of all investigations which have been ongoing for in excess of one year and an assessment of the consistency of standards between Coroners areas. This will help ensure that MOD investigations are completed in timely manner and result in greater consistency in the way Military inquests are conducted by different Coroners.

3.42 The Chief Coroner will have the power, together with the Lord Chancellor, to make regulations for the training of Coroners and Coroners' staff. The MOD, through the Defence Inquests Unit (DIU), will work with the Ministry of Justice and the Chief Coroner to provide specific training to familiarise Coroners in preparation for Military inquests.

3.43 Once implemented, the Act will give interested parties the right to appeal. For the first time bereaved families of Servicemen and women will be able to challenge Coroners verdicts if they are dissatisfied with the outcome or other decisions Coroners take about how they plan to conduct inquests.

3.44 Under the Act, provision was also made for Fatal Accident Inquiries (FAI), the nearest equivalent to inquests in Scotland, to be held into the deaths of Service Personnel killed aboard, whose families are based in Scotland. The UK Government is now working with the Scottish Executive to determine when Service persons FAIs can begin to take place, and it is hoped that this will be in advance of April 2012. DIU is considering what additional information for families will be required once this provision is in place and will ensure that staff are fully conversant with the new arrangements.

3.45 An inquest is an inquisitorial rather than adversarial process-Coroner's seek truth not blame. As a result MOD does not routinely arrange to have legal representation at inquest; we also do not believe bereaved families require legal representation. None the less we appreciate that the process may intimidate some families. Therefore, the Government has made provision for public funding to be available for legal representation at inquests into the deaths of persons who die in active service in the Armed Forces. MOD will not automatically engage counsel when family have engaged and will continue to review its position on a case by case basis.

### **Harmony**

3.46 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. At April 2010, 1.3% of the RN were in breach of the RN Harmony guidelines, 10.3% of the Army were separated above the Army guidelines, and 4% of the RAF were operating in excess of the RAF guidelines.

### **Career Satisfaction**

3.47 The Armed Forces Continuous Attitude Survey Headline Report was published on 16 March 2010 and the more in-depth Armed Forces Continuous Attitude Survey Main Report was published on 5 May 2010. Both the Headline and the Main Report can be read on the MOD website at:

<http://www.mod.uk/DefenceInternet/FreedomOfInformation/PublicationScheme/SearchPublicationScheme/ResultsForArmedForcesContinuousAttitudeSurveyafcas.htm>

3.48 The Armed Forces Continuous Attitude Survey collects information about Service personnel's attitudes regarding Terms and Conditions of Service on an annual basis. The Headline Report draws out information on key aspects, such as satisfaction and morale, commitment, demands on the individual, remuneration, and Service living accommodation. It is an important tool for informing MOD personnel policy staff and that any required actions are instigated as rapidly as possible.

The Headline Survey Results show:

- Our Service personnel expressing increasing pride and satisfaction in what they do
- Higher levels of morale reported than in previous years of the survey
- Increases in the proportions of personnel who wished to stay in the Armed Forces as long as possible
- Increases in the proportions of personnel who were satisfied with their rates of pay (although the majority did not agree that military salaries' added 'X-Factor' was sufficient to compensate for the military lifestyle)
- That satisfaction with the overall standard of Service-provided accommodation remains an area for concern

### **Duty of Care and Welfare**

3.49 External inspection of the quality of welfare and duty of care for recruits and trainees in the Armed Forces was reported by the Office for Standards in Education, Children's Services and Skills (Ofsted) in June 2009. In the course of their inspection, Ofsted visited 12 training establishments, and a number of Armed Forces Careers Offices, Selection and Acquaint Centres. Ofsted concluded that satisfactory progress has been made on issues relating to welfare and care in training and that most recruits felt safe and well supported. The Ofsted report also highlighted a number of areas where improvement could be made and how continuous improvement activity could be strengthened. As a result of Ofsted inspection, training units have focussed on developing more rigorous internal assessment of areas for improvement to inform realistic action planning.

3.50 The Directorate of Individual Training Capability (DITC) team has supported the move to improve training units' internal assessment. DITC undertook evaluations of 17 Service training establishments to determine how well policies covering welfare and care, and the training needs of recruits and trainees were being implemented. The process of evaluation includes providing Commanding Officers of the training establishments and their higher training headquarters with an assessment of policy compliance at their unit and detailed recommendations for improvement action. The training headquarters are required to report back to DITC on progress against the recommendations. All DITC evaluation reports are made available to training headquarters and units in order to enable Continuous Improvement by exposing best practice and other information and techniques that add value in the Training Environment. DITC personnel have also conducted nine advisory visits to training establishments, usually at the invitation of the Commanding Officer or training headquarters, to provide specialist guidance on the development of welfare and care arrangements.

3.51 DITC analysis of the trends and themes from this year's evaluation programme has indicated that issues related to welfare and care are more diffuse than in previous years. Whilst it is too soon to draw firm conclusions from this, there are early indications that the Training Environment is seeing not only increasingly consistent policy compliance, but also robust cultures that embrace wholly the welfare and care of recruits and trainees. Nevertheless, there remain areas to be addressed and DITC will focus on these in the coming year. Amongst these areas is that of Remedial training policy, for which revised guidance is in the process of being determined.

#### **Armed Forces Act 2006**

3.52 The Armed Forces Act 2006 was fully implemented on 31 October 2009. Prior to this date, the more detailed secondary legislation required for implementation was approved by Parliament; the brand new Manual of Service Law was published; and relevant personnel in all three Services were trained. Implementation was announced to Parliament by a Written Ministerial Statement on 29 October 2009. The change means that personnel are now governed by the same legislation, regardless of their Service.

#### **Service Complaints Commissioner**

3.53 The Service Complaints Commissioner, Dr Susan Atkins, published her first Annual Report in March 2009 on the fairness, effectiveness and efficiency of the Service complaints process for 2008; MOD's response was published in July 2009 in which it accepted all her recommendations. In July 2009, the House of Commons Defence Committee published its report on the Commissioner's first year in office and her first report, 'Service Complaints Commissioner for the Armed Forces: the first year', to which MOD responded in September 2009.

3.54 Since March 2009 the MOD has worked closely with the Commissioner to implement her recommendations. The Commissioner's second report, published on 10 March 2010, acknowledged that significant progress had been made in some areas such as awareness of the complaints process but that more work was needed for example on the timely handling of complaints. The MOD accepted all of the recommendations in the second report, the formal response was laid in Parliament on 13 September 2010.

### **Service Personnel Command Paper**

3.55 Last year's Annual Report and Accounts provided an overview of the publication of the Service Personnel Command Paper 'The Nation's Commitment: Cross-Government Support to our Armed Forces, their Families and Veterans' which contained 47 commitments designed to end any disadvantage imposed by Armed Forces life, and in some cases offer special treatment for those who have sacrificed most. In the last year much has been achieved. The first Annual Report produced by the External Reference Group – a body of representatives from across Government, the Devolved Administrations, charities and Service Families Federations was published in November 2009. The report captured progress against the commitments and feedback on how well this is being received on the ground as well as direction for the future. The report showed that good progress had been made but also highlighted areas for improvement for the future, such as improved communications. It also emphasised the need to maintain the momentum for the long-term. This report along with the other key documents mentioned below can be found at [www.mod.uk/spcp](http://www.mod.uk/spcp).

3.56 This year some major commitments have been met. This includes the launch of a pilot affordable housing scheme intended to help Service personnel get onto the property ladder and the announcement of an initiative that will help bereaved families of Service personnel by providing free independent legal advice. Other key achievements since the period covered by the last Annual Report and Account include:

- Priority access to Affordable Homes Schemes and easier access to social housing
- Easier access to Adapted Affordable Homes for injured personnel
- Disregard of Armed Forces Compensation Scheme and War Pensions Scheme payments when calculating Disabled Facilities grant
- Free further education for Service leavers
- Provision of UK citizenship for children of Foreign and Commonwealth Service personnel born outside the UK
- Easier access to benefits for medically discharged Service personnel
- Stability for Service families undergoing assisted conception on the NHS
- Publication of the Defence Accommodation Management Strategy

3.57 In January 2010 a new package of health measures was announced to support military personnel who have received serious injuries or who develop mental health problems as a result of serving their country. This included a guarantee that all those seriously injured will receive an early and comprehensive assessment of their long term needs before they leave the Armed Forces, high quality care for life for those with continuing healthcare needs based on a regular review of their needs overseen by an NHS case manager and grant funding of £140,000 with the veterans' mental health charity Combat Stress (that they are matching) to work directly with mental health trusts to ensure that the services they provide are accessible to and appropriate for military veterans

### **Reserve Forces**

3.58 There has been significant progress in implementation of recommendations from the Strategic Review of Reserves. The Review, published in April 2009, reflected MOD's vision for Reserve forces as an increasingly integral part of Defence capability. The Review's aim was to ensure that the Reserve forces meet the needs of Defence now and into the future. At year end, 58 of the Review's 89 recommendations are being taken forward for implementation, and at the

time of going to print, 15 are recorded as being complete. Central to implementation has been the establishment of two teams whose specific remit is to take forward recommendations from the Review. The teams are now implementing changes to Reservist Terms and Conditions of Service in order to remove the barriers to service between part-time and full-time service, developing the future strategy for the rationalisation and modernisation of the Volunteer Estate, as well as progressing all of the Review recommendations regarding the future of the Medical Reserves. The Reserves will be subject to further review as announced in the SDSR.

3.59 This past year has seen the Reserve Forces continue to play a crucial role in support at home and abroad. In December 2009, Reservists were mobilised to provide military support to the community in Cumbria after the flooding there. This was the first time Reservists had been mobilised under Reserve Forces Act 1996 for a UK operation since the early 1960s. In addition to this Reservists continued to play a vital role in operational environments overseas during 2009/10. As at 31 December 2009, there were around 3,800 Reservists<sup>3</sup> deployed on operations, mainly in Afghanistan, fulfilling such roles as medics, logisticians and force protection.

3.60 Established in 1998 the Full Time Reserve Service (FTRS) commitment enables both Volunteer Reserves and Regular Reserves to serve full-time. The majority of posts are in the UK but some FTRS personnel have served on operations, depending on the individual's level of formal commitment. During 2009/10 there were up to 2,000 personnel serving in an FTRS commitment. In addition, on average some 1,925 members of the Sponsored Reserves were available to be mobilised in support of operations to provide specialised capabilities. Sponsored Reserves are employees of companies under contract to Defence to provide a particular capability. Their contribution ranged from the provision of meteorological information to aircraft maintenance and heavy equipment transporter drivers.

3.61 Defence requires a sufficient supply of Reservists both now and in the future to meet requirements of each of the Services. A breakdown of the strengths at April 2010, of the Reserve forces is shown in Table 3.8 below.

	Royal Marine Reserve	Royal Navy Reserve	Territorial Army	Royal Auxiliary Air Force	Total
Liability	970	2286	39379	2000	44635
Strength/manning	919	2061	28480	1480	32940
Trained strength	581	1483	19300	928	22292
Trained strength requirement	582	1784	30274	1480	34120
Strength as a % of Establishment	94.7%	90.2%	72.3%	74.0%	73.8%
Trained Strength as a % of Strength	63.2%	72.0%	67.8%	62.7%	67.7%
Trained Strength	59.9%	64.9%	49.0%	46.4%	49.9%

<sup>3</sup> Figure includes Regular Reserves, Volunteer Reserve and FTRS.

as a % of  
Establishment

Trained Strength	99.8%	83.1%	63.8%	62.7%	65.3%
------------------	-------	-------	-------	-------	-------

as a % of  
Requirement

**Notes:**

Territorial Army liability figure excludes all ~3500 University Officer Training Corps.

TA Strength figure excludes Group B, University Officer Training Corps, Full Time Reserve Service, Sponsored Reserve and Non Regular Permanent Staff.

Royal Auxially Air Force is against the Defence Plan 2009.

Royal Marine Reserve personnel only join the Trained Strength on completion of the Commando Course and Continuation Training.

Trained Strength is successful completion of Phase 2 Training.

## **Equality and Diversity**

3.62 In accordance with statutory requirements, the MOD has published an Equality and Diversity Scheme covering the period 1 April 2008 to 31 March 2011. Copies are available at <http://www.mod.uk/NR/rdonlyres/98E4EAB6-CE02-4F39-9EF2-17DD054C5905/0/eqdivschemes20082011.pdf>.

3.63 The Scheme, which also includes an Action Plan, sets out in detail how MOD will meet its equality and diversity objectives. A report against the Action Plan is published annually.

## **Armed Forces**

### **Gender**

3.64 As at 1 October 2009, women comprised 9.5% of the UK's Regular Armed Forces. The only roles from which women are currently excluded are service in close-combat units, on submarines, and some diving roles.

3.65 Women now fill a wide variety of roles in the Armed Forces and are currently deployed in locations worldwide. Some 8700 women still serving in September 2009 have been deployed to Iraq and/or Afghanistan since 2002 and four have received gallantry awards arising from their deployments.

3.66 The Armed Forces have introduced a range of 'family-friendly' policies to help personnel in balancing Service duties and caring responsibilities.

### **Race**

3.67 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 March 2009.

3.68 Strategies have been developed to promote recruitment to the Armed Forces from UK ethnic minority communities.

## **Religion**

3.69 The Armed Forces place great importance on the spiritual development of Service personnel and encourage people from all faiths to practise their religious observances where operational and health and safety considerations allow. Members of the Armed Forces are normally allowed to celebrate religious festivals and holidays and to fast and pray. Where practical, areas of worship are made available in all Service establishments 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.

3.70 The first Civilian Chaplains to the Armed Forces from the Buddhist, Hindu, Muslim and Sikh faith communities were appointed in October 2005 and a Civilian Chaplain from the Jewish faith was appointed in September 2009. The Armed Forces have also appointed religious advisers from the Buddhist, Hindu, Jewish Muslim and Sikh faiths to provide guidance on religious matters.

## **Sexual Orientation**

3.71 Sexual orientation is regarded as a private life matter and the Armed Forces 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.

## **Sexual Identity**

3.72 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. The policy is being kept under review in conjunction with key stakeholders to ensure that it continues to reflect medical and legal developments and best management practice in this area.

## **Disability**

3.73 The Armed Forces are exempt from the employment provisions of the Disability Discrimination Act 1995 and the UN Convention on the Rights of Persons with Disabilities. These exemptions were secured because all UK Armed Forces' personnel need to be combat effective to meet a world-wide liability to deploy. However, the Armed Forces demonstrate their 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.

## **Age**

3.74 The Armed Forces are also exempt from the provisions of the Employment Equality (Age) Regulations 2006.

## **Provision of Advice and Support to the Armed Forces Community**

### **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 are operating and providing expert assessment and treatment at Stafford, Camden and Islington, Cardiff, Bishop Auckland, Cornwall, and Scotland. We also 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. The MAP records a high satisfaction rating from those who attend and as at 31 January 2010, 3,439 Gulf veterans have attended for medical assessments.

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. The focus of MOD's research effort is now therefore on rehabilitative therapies for those Gulf veterans with persistent symptoms. A contract to support chronically ill Gulf veterans was awarded to Cardiff University during 2008 and Phase 1 of the rehabilitative research programme is due to complete in 2010. 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 major operations in Afghanistan and Iraq. The second three year phase of research (Phase 2) by the King's Centre for Military Health Research completed 31 January 2010 and a further three year contract has been put in place effective from 1 February 2010. By the end of Phase 2 approximately 60% of some 20,000 serving and former personnel had returned completed questionnaires and twenty six 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 was published in November 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 previous Government accepted 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. A total of 257 further claims have been settled at 18 February 2010 and the Department is looking to settle all outstanding claims by the end of 2010.

### **War Pensions**

3.80 Under the War Pensions Scheme the Service Personnel and Veterans Agency made payments of some £1Bn to some 148,377 war pensioners and 30,295 war widows during 2009-10 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 6% each year, although the cases become more complex as the average age of recipients increase. The number of claims received (27,248) in 2009-10 also declined from the previous financial year in which 31,703 claims were received.

3.81 The total number of Veterans Badges issued up to 31 March 2010 is 780,782, of which 50,816 were issued between 1 April 2009 and 31 March 2010. The total number of calls answered by the Veterans-UK Helpline for the period 1 April 2009 to 31 March 2010 was 214,035.

### **Armed Forces Pension Scheme**

3.82 The Armed Forces Pension Scheme continues to provide accurate and timely monthly payments amounting to some £3.5 billion per year to almost 400,000 pensioners in 2009-10. Additionally, the scheme maintains pension records on nearly 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. All the ongoing payments of the pensions affected have been corrected in 2009-10.

### **Armed Forces Compensation Scheme**

3.83 During 2009-10, the MOD made 4,272 payments under this scheme totalling £34.2M. This total includes 680 payments totalling £0.2M made as a result of legislation to increase the level of compensation per tariff, detailed within the Service Personnel Command Paper 2008 and £4.7M in Guaranteed Income Payments for the most seriously injured personnel and dependants of those who have died due to service, for which there were 401 recipients.

## Civilian Contribution

### Staff Numbers

3.84 The Civilian HR function consists of a head office setting strategy, business partners who offer business-specific advice across the Department, and the People Pay and Pensions Agency (PPPA) delivering shared HR services. The PPPA's remit is wider than most shared service centres and includes centrally provided recruitment, casework, occupational health and other services. The MOD headline ratio of 1:53 Human Resources staff to employees compares well with most Departments.

3.85 The Department recognises 17 Trade Unions and Staff Associations for non-industrial, industrial and smaller specialist groups.

### Civilian Recruitment and Turnover

3.86 Restructuring and downsizing have kept recruitment low but we have continued to recruit civilian staff externally from a variety of sources through our policy of fair and open competition. We sometimes use temporary staff, for example to manage reductions and unit closures, or to meet specialist skills shortages. In November 2009, restrictions on the external recruitment of civilian and agency staff were introduced. Exemptions were granted only for posts that were vital for supporting current operations, Business Resilience (including health and safety, security and business continuity), or were otherwise business critical.

3.87 For the year ending 31 March 2010 the MOD spent £320,000 on generic advertising associated with the recruitment of civilian staff.

3.88 The MOD's recruitment figures for 2009-10 are detailed in Table 3.9 and include figures for permanent and temporary (casual) recruitment.

**Table 3.9 - Civilian Recruitment in 2009-10**

	2007-08		2008-09		2009-10	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Total number of staff recruited	2,470	1,120	2,750	750	2740	790
Number and percentage of women recruited	1,140 (46.0%)	220 (19.5%)	1,330 (48.3%)	180 (23.5%)	1,220 (44.4%)	190 (24.1%)
Number and percentage of ethnic minorities recruited <sup>[3]</sup>	90 (5.5%)	20 (3.7%)	100 (4.7%)	10 (2.2%)	100 (4.4%)	20 (2.6%)
Number and percentage of people with disabilities recruited <sup>[4]</sup>	10 (0.6%)	-	40 (1.5%)	-	40 (1.4%)	10 (1.0%)

#### 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.

3.89 In accordance with our obligations to the Civil Service Commission Principles on Recruitment Table 3.10 show the use of permitted exceptions in 2009-10 to the principles of fair and open competition and selection on merit.

**Table 3.10 - Civilian Recruitment – Exceptions**

	2009/10	
	non industrial	industrial
Short term appointments up to 2 years, including government programmes to assist the unemployed	140	148
Permanent appointment of administrative (AA/AO) and industrial grades appointed through exception 1 above	0	0
Appointments of individuals with highly specialised skills up to 2 years	2	0
Extension of this 2 year appointment	1	0
Secondments of up to 2 years	28	0
Extension of this 2 year secondment	4	0
Transfer of individuals into the Civil Service to enable departments to make use of their expertise	5	4
Other exceptions:	0	0
Reappointment of former civil servants, transfer of an organisation into the Civil Service, recruitment of disabled people through 'Workstep', and appointments of disabled candidates under modified selection arrangements		

Source: PPPA

### **Diversity – MOD Civilians**

3.90 The Civil Service Diversity Strategy: Promoting Equality, Valuing Diversity is founded on four key themes: behaviour and culture change; leadership and accountability; talent management; and representation. The MOD Action Plan and subsequent progress report ensured that the Department was assessed as being well placed to meet the Strategy by the Cabinet Office during 2009.

3.91 Our workforce is aging and not always representative of the communities in which our units are based. We therefore need to attract a wider range of people to deliver our objectives. However, it is accepted that limited future recruitment, and a potential reduction in public sector jobs, does not assist us in our goal to improve representation within the Department. We will therefore continue to focus on facilitating staff in minority groups to

progress through the grades. This is demonstrated by our improved representation figures on the Department's many talent management schemes and in our feeder grades to SCS.

3.92 A quarterly Diversity Dashboard has been developed to monitor trends on declaration, representation, progression and other areas of performance, and share such information with MOD's leadership.

3.93 MOD has also achieved some success in benchmarking exercises:

- **Ethnicity** - MOD was ranked 1<sup>st</sup> out of the 17 public sector organisations that took part in the 2009 Race for Opportunity Benchmarking Survey. MOD's overall ranking was 3<sup>rd</sup> out of a total of 44 participating organisations.
- **Disability** - MOD was ranked 1<sup>st</sup> out of the 12 Government Departments that took part in the 2009 Disability Standard Benchmarking Survey. MOD's overall ranking was 10<sup>th</sup> out of a total of 106 participating public sector organisations.
- **Lesbian Gay Bisexual (LGB)** - Ranked 73<sup>rd</sup> out of the 350 public and private sector employers with a score of 143 out of 200 by Stonewall on Lesbian Gay and Bisexual workplace inclusion and engagement. It is the Department's first top 100 placing in three years and a significant improvement on our 2009 rating of 115<sup>th</sup>.
- **Transgender** - Ranked 3<sup>rd</sup> out of 16 Other Government Departments in the a:gender 'Trans Equality Index' 2009. (a:gender is a support network for staff in government departments/agencies who are transgender).

3.94 An e-learning product is being developed in support of the MOD single equality and diversity impact assessment tool to assist policy makers conducting impact assessments of their policies.

### Senior Representation

3.95 Over the last two years, the Department has been successful in recruiting a more diverse range of candidates to senior positions. Since 2007, eight women have been recruited to senior positions ranging from SCS Pay Band 1 to Permanent Secretary level and three Black Minority & Ethnic candidates including one woman to Pay Band 1 and 2 Posts.

3.96 In 2009-10, there were 17 substantive promotions to the SCS of which seven (41%) were female. This has enabled the Department to exceed the gender (female) target for SCS as previously done for Band B (feeder) grades.

**Table 3.11 - Percentage of Women, Ethnic Minority and Disabled Non-Industrial Civilian MOD Staff**

		2005	2006	2007	2008	2009
<b>Gender</b>						
Total MOD		39.0%	38.5%	38.2%	38.2%	38.5%
SCS	Target	15.0%	15.0%	15.0%	15.0%	15.0%
	Achievement	9.2%	10.1%	12.2%	14.5%	17.7%
Band B	Target	16.0%	18.0%	19.0%	21.0%	21.0%
	Achievement	18.5%	19.1%	20.6%	21.1%	22.2%
Band D	Target	40.0%	40.0%	45.0%	47.0%	50.0%

	Achievement	37.6%	38.5%	37.2%	37.2%	38.9%
<b>Ethnicity</b>						
Total MOD		2.9%	3.0%	3.1%	3.2%	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%	2.8%
Band D	Target	4.0%	4.0%	4.5%	4.5%	4.5%
	Achievement	2.9%	3.2%	3.2%	3.2%	3.0%
<b>Disability</b>						
Total MOD		6.0%	5.7%	5.7%	5.8%	6.75%
SCS	Target	2.0%	2.0%	2.0%	2.0%	2.0%
	Achievement	3.9%	3.2%	2.4%	5.2%	6.2%
Band B	Target	4.0%	4.0%	4.5%	4.5%	5.0%
	Achievement	3.6%	3.8%	3.3%	3.7%	4.5%
Band D	Target	6.0%	6.0%	6.5%	6.5%	6.5%
	Achievement	6.3%	6.1%	6.4%	6.4%	7.5%

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.

### Non Departmental Public Bodies

3.97 There have been very few Ministerial appointments to the Non Departmental Public Bodies this year. 20% of the appointees were women and none of them declared themselves as disabled or from an ethnic minority background. It is not possible to draw any conclusions about achievements when the number involved is so small.

3.98 The recruitment targets of 35% women, 4.5% ethnic minorities, and 6% disabled currently remain. Within the overriding principle of selection based on merit, we aim to improve the representation of women, people from minority ethnic backgrounds and people with disabilities within our public appointments to MOD Non Departmental Public Bodies, Public Corporations and Independent Monitoring Boards.

### Civilian Workforce: Capable

#### Leadership

3.99 MOD has been driving forward a project to strengthen and simplify the approach to leadership development for civilian staff, with a focus on developing confident, visible and collaborative leaders at all levels. In 2009-10 this has included:

- the launch of leadership development route-maps, providing in one place information on the various leadership development interventions
- use of tools to identify SCS performance and potential and to assess SCS posts, enabling us to build a better picture of the supply and demand for talent
- production of a better developed succession plan for the SCS

This work will continue with publication of a new leadership framework early in 2010-11, articulating more clearly the requirements of our civilian leaders, and ensuring the behaviours in this framework are reflected in leadership development training.

### **Talent Management**

3.100 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. These schemes range in scope and focus, providing the Department with both a functional and broader development talent pipeline equipping individuals with the skills to compete successfully for senior positions within the Department.

### **Progression and Promotion**

3.101 Assessment Centres are an objective, consistent and rigorous approach for determining promotion. In the last year MOD used Assessment Centres for promotion to the SCS, Band B and Band D; 17 people were substantively promoted to the SCS, 189 were awarded a passport for promotion to Band B and 725 to Band D.

### **Civilian Workforce: Motivated**

#### **Civilian Pay**

3.102 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 shorter generic pay scales and skills supplements linked to the market to ensure we can recruit and retain staff in crucial specialist workforce groups. 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**

3.103 MOD places a high priority on managing and reducing sickness absence. In line with requirements the Department has arranged to benchmark performance against a private sector company and BT have agreed to work with MOD and the Ministry of Justice. The Average Working Days Lost figure remained constant at the start and end of the financial year at 8.1 but fluctuated during individual quarters. This is attributable to a range of factors including the H1N1

influenza pandemic. We continue to review our policies and processes and are introducing new approaches to manage absence.

### **Career Satisfaction**

3.104 Those who work in Defence are deeply committed to what they do. This was reflected in our engagement score in the MOD Your Say survey, the first Civil Service wide survey, where at 59% MOD scored the second highest of the large departments. These are hugely challenging times and to succeed we need to maintain this sense of commitment. Our survey tells us that many of our people have a strong interest in their work and get a great sense of personal accomplishment from it (MOD Your Say survey score:74% positive response). Our people are clear about how what they do contributes to MOD's objectives (MOD Your Say survey score:78%) and we need to ensure our people share our vision for Defence and that decisions we make as part of the SDSR are the right ones and instil confidence in our people. Improving Leadership and management of change is a top priority for 2010-11. We have an existing programme of work dedicated to improving the leadership capabilities at all levels in MOD and also the way our people are managed in the Department.

## **Section F - Finance and Value for Money**

### **Defence Budget and Spending**

#### **Departmental Outturn**

3.105 Planned expenditure for 2009-10 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 was set out in the Public Expenditure Outturn White Paper 2009-10 published in July 2010 (Cm7911). Table 3.12 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 6 of the Departmental Resource Accounts.

**Table 3.12 – 2009-10 Parliamentary Controls (£M)**

	Final Voted Provision	Net Resource Outturn	Variation
Request for Resources 1 (Provision of Defence Capability)	38,265	37,389	-876
Request for Resources 2 (net additional cost of operations)	2,887	2,682	-206
Request for Resources 3 (war pensions and allowances)	1,024	980	-44
Net Resources	42,176	41,051	-1,126
Net Cash Requirement	38,720	37,425	-1,295

Minor differences in additions are due to roundings.

3.106 The main reason for the underspend of £876m in RfR1 resulted from a change in accounting treatment for the Annington Homes lease under IAS17. The 2009/10 Spring Supplementary Estimate included an adjustment for the impact of applying Modified Historical Cost Accounting to both land and property dwellings. The land portion was originally included in the Estimate and Statement of Financial Position as it was not thought to be separable from the other element of the lease. However, this portion of the Annington lease was subsequently separated and the impairment and Cost of Capital charge, which was previously included in the Estimate, no longer applied. In addition the Administration Cost Regime includes further measures to drive down the costs of the Department. The underspend also included a prior period accounting adjustment for an inventory write-on to the Statement of Financial Position.

### **Armed Forces Pensions**

3.107 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 also incorporates the Armed Forces Compensation Scheme. At the end of March 2010 the Department was paying monthly payments to some 398,840 pensioners, whilst also maintaining records of some 368,079 further individuals who are entitled to benefits when they reach pensionable age. Table 3.13 compares performance against the final estimate approved by Parliament.



**Table 3.13 – Parliamentary Controls (£M) Armed Forces Pay and Pensions**

<b>Armed Forces Pay and Pensions (£m)</b>	<b>Final Voted Position</b>	<b>Net Resources Outturn</b>	<b>Variation</b>
<b>AFPS Request for Resources 1 (retired pay, pensions and other payments to Service personnel and dependants)</b>	5,700	5,600	100
<b>Net Resources</b>	5,700	5,600	100
<b>Net Cash Requirement</b>	1,996	1,718	278

## Costs of Operations

**Table 3.14 – Net Additional Costs of three Operations (£M)**

	Iraq			Afghanistan			Conflict Pool		
	Total Dept. Allocation 2009-10	Total Outturn 2009-10	Total Outturn 2008-09	Total Dept. Allocation 2009-10	Total Outturn 2009-10	Total Outturn 2008-09	Total Dept. Allocation 2009-10	Total Outturn 2009-10	Total Outturn 2008-09
<b>Operating Costs</b>									
<b>Direct Costs</b>									
Service									
Manpower									
Civilian	37	35	115	188	174	73		18	6
Manpower	7	7	21	25	26	15		2	2
Infrastructure									
Costs	53	53	133	255	236	162		8	5
Equipment									
Support	107	101	306	555	551	384		1	50
Other Costs and Services	58	59	153	509	439	312	67 <sup>4</sup>	26	7
Income	-26	-16		-47	-55	-24		-1	6
Stock									
Consumption	21	13	207	643	570	527		-1	
<b>Indirect Costs</b>									
Stock write-off / (write-on)	0	0	1	13	16			0	
Provisions	0	0		0	0			0	
Other Indirect									
Costs	37	37	164	322	328	187		0	
Cost of Capital	10	10	24	53	45	18		0	
<b>Total Operating Costs</b>	<b>305</b>	<b>299</b>	<b>1124</b>	<b>2515</b>	<b>2330</b>	<b>1655</b>	<b>67</b>	<b>53</b>	<b>76</b>
<b>Capital Cost</b>									
Capital Additions (including UORs and Recuperation)	53	44	257	1672	1491	968	0	1	0
<b>Total Capital</b>	<b>53</b>	<b>44</b>	<b>257</b>	<b>1672</b>	<b>1491</b>	<b>968</b>	<b>0</b>	<b>1</b>	<b>0</b>

Minor differences in additions are due to roundings.

<sup>4</sup> The allocation for Conflict Pool is provided by DFID at a summary level and is not broken into the sub-categories

3.108 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. Resource expenditure was £2,682m against an estimate of £2,887m. The Spring Supplementary Estimate was forecast on the basis of information available at the time regarding likely operational requirements for the remaining months of the financial year. The main variance between the Estimate and final outturn resulted from lower than expected consumption costs. This is a difficult category to forecast, which was also compounded by the volatility and unpredictable nature of military operations.

### Resources by Departmental Objectives

3.109 A summary of MOD's expenditure for 2009-10 broken down by the three Departmental Strategic Objectives is shown in Table 3.15. A more detailed breakdown of costs is shown in Note 25 of the Departmental Resource Accounts.

**Table 3.15 – Resources by Departmental Objectives 2009-10**

	Net Operating Cost (£M)
<b>Objective 1:</b> Achieving success in the tasks we undertake	5,344
<b>Objective 2:</b> Being ready to respond to the tasks that might arise	29,821
<b>Objective 3:</b> Building for the future	5,063
<b>(Total RfRs 1&amp;2)</b>	40,228
Paying war pension benefits (RfR3)	980
<b>Total Net operating Costs</b>	<b>41,208</b>

### Resource and Capital DEL Variations (Budgetary Basis)

3.110 Detailed outturns by Top Level Budget Holder against RfR1, RDEL and CDEL control totals are set out in Table 3.16.

**Table 3.16 – Defence Budget Outturn against Departmental Expenditure Limits (DEL) 2009-10 (RfR1) (£M)**

	DEL	Outturn	Variation
<b>Resource DEL (net of A in As)</b>			
<b>Allocated to TLBs:</b>			
Chief of Joint Operations	409	444	36
Defence Estates	3,102	2,677	-425
Defence Equipment & Support	16,007	16,365	358
Central	1,708	1,620	-88
Air Command	2,795	2,790	-5
Science Innovation and Technology	466	466	-1
Land Forces	6,957	6,990	33

Navy Command	2,215	2,211	-4
Administration	2,238	2,141	-97
Sub total	35,898	35,705	-193
Not Allocated	122		-122
IYM DEL	36,019	35,705	-314
IAS17 - In Estimates but not in Budgets	5	185	180
<b>Total</b>	<b>36,025</b>	<b>35,890</b>	<b>-134</b>
<b>Capital DEL (net of A in As)</b>			
<b>Allocated to TLBs:</b>			
Chief of Joint Operations	96	93	-3
Defence Estates	415	531	116
Defence Equipment & Support	6,825	6,702	-123
Central	-129	-74	54
Air Command	26	20	-6
Science Innovation and Technology	1	0	-1
Land Forces	222	213	-9
Navy Command	14	12	-2
Sub total	7,470	7,497	27
Not Allocated	19		-19
IYM DEL	7,488	7,497	9
IAS17 - In Estimates but not in Budgets	13	42	29
<b>Total</b>	<b>7,501</b>	<b>7,539</b>	<b>37</b>

Minor differences in additions are due to roundings.

### Outturn Against Departmental Expenditure Limit

3.111 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 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 3 of the Departmental Resource Accounts were based on data contained in the Spring Supplementary Estimates. There are inevitably movements between Top Level Budgets between then and the year end which reflect, for example, changes in budgetary responsibilities between TLBs. Total Request for Resources 1 Resource outturn, which includes PFI International Financial Reporting Standards (IFRS) adjustments, for 2009-10 was an underspend of £134m and an overspend for Capital of £37m.

### Reconciliation Between DEL and Estimates

3.112 Table 3.17 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 Resource DEL and Capital DEL 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 3.17 – Reconciliation between Estimate and DEL (£M)**

	<b>Provision</b>	<b>Outturn</b>
<b>Resource Estimate (RfR 1)</b>	<b>38,265</b>	<b>37,389</b>
Annually Managed Expenditure	-1962	-1437
Non Budget	-523	-22
Non Voted	244	59
Gain on derivatives	0	-257
Less: Consolidated Fund Extra Receipts	<b>0</b>	<b>-247</b>
Prior Period Adjustment for Inventory		<b>432</b>
Other Adjustments	<b>0</b>	<b>-28</b>
<b>Resource DEL (Table 3.21)</b>	<b>36,025</b>	<b>35,890</b>
<b>Capital Estimate (RfR 1)</b>	<b>7,561</b>	<b>7,540</b>
AME	-57	0
Non Budget	-2	0
Capital Spending by Non Departmental Bodies	-1	-1
<b>Capital DEL (Table 3.21)</b>	<b>7,501</b>	<b>7,539</b>

Minor differences in additions are due to roundings.

## Reconciliation Between Estimates, Accounts and Budgets

3.113 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 Department Resource Accounts, prepared under the conventions of IFRS. The IFRS adopted for the government sector is 'adapted as necessary for the public sector' as stated in the Government Financial Reporting Manual.

## Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

The table is now produced in Annex A, Table 7 to the Consolidated Departmental Resource Accounts.

## Major Contractual Commitments

3.114 As at 31 March 2010 the MOD's outstanding contractual commitments (excluding those already reported within the Statement of Financial Position) were some £23.2Bn (£21.3Bn restated in 2008-09) as shown in Note 26 of the Departmental Resource Accounts. This represents capital expenditure that 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 £13.6Bn, or 59% of the total (£13.7Bn/64% in 2008-09 restated). The Department is also committed to payments of over £6.2Bn for PFI projects (£6.7Bn in 2008-09) as shown in Note 29 of the Departmental Resource Accounts.

### **Defence Assets**

3.115 According to the 2007 National Asset Register, the MOD owns about 25% of the Government's Property, Plant and Equipment (PPE) assets and over 90% of the Government's Intangible Fixed Assets. MOD's asset base is large, diverse, geographically dispersed and varies significantly in age. The MOD's gross tangible PPE at 31 March 2010, restated for IFRS adoption was £144.7bn, up from £137.9Bn at 31 March 2009. After depreciation is taken in to account PPE is worth £89.7Bn at 31 March 2010. Of this net holding 91% (£81.4Bn) is owned by the MOD.

3.116 The vast majority of PPE comprise either specialist military equipment in service or being acquired, which equates to 57% of the total net holding. The composition of some of the other categories is: land, buildings and dwellings 23%; transport 8%, and IT and communication equipment 3%. The composition is similar to that for 2008-09. The net holding of intangible assets increased from £28Bn 31 March 2009 to £29.1Bn at 31 March 2010, 77% (£22.5Bn) relate to development of Military equipment. Details of the MOD's assets and their valuation can be found in Notes 15 and 16 of the Departmental Resource Accounts.

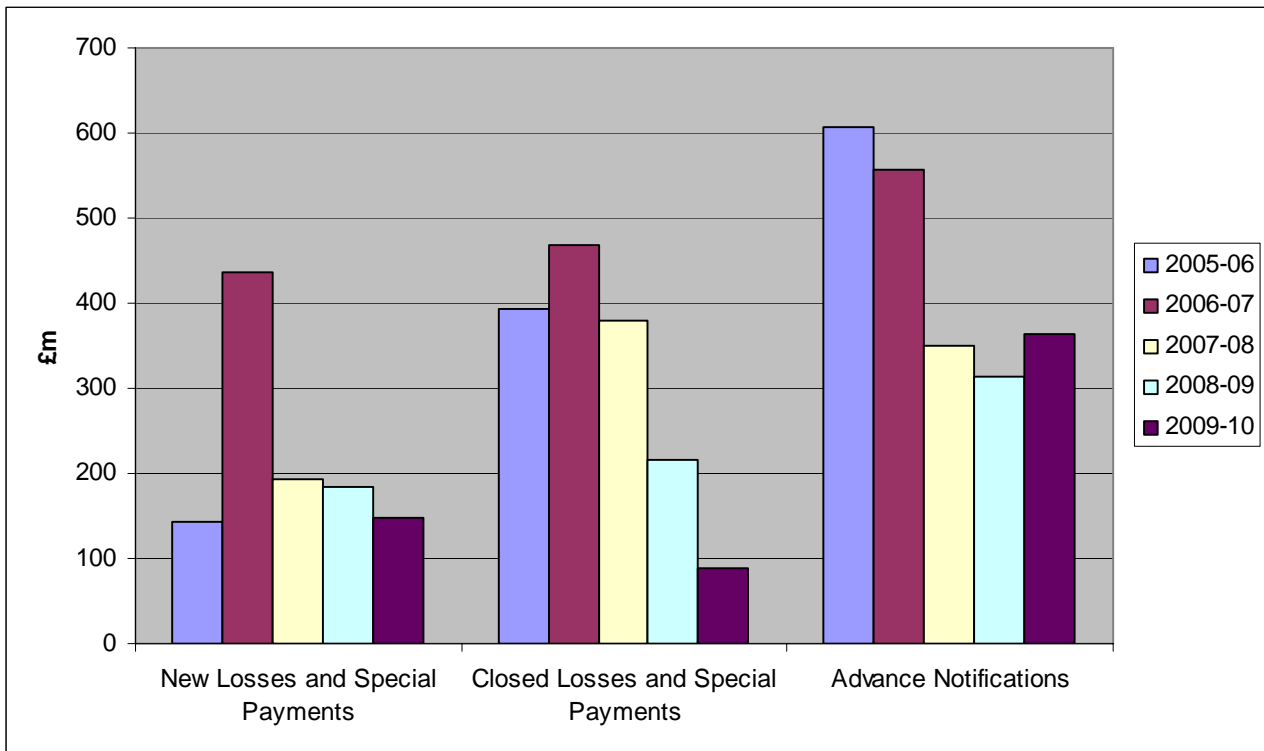
### **Losses and Writes-Off**

3.117 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.

3.118 The total value of new losses and special payments arising in year (both closed cases and advance notifications) was £147M in 2009-10 (£183M in 2008-09). 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 £89M (£216M in 2008-09). Of this, £28M was from final closure of a case previously reported as an Advance Notification: the abandonment of a claim by the MOD against a contractor relating to the Airborne Stand-Off Radar programme.

3.119 The losses statement also identifies potential losses that have not yet been brought to completion and are therefore not incorporated in the 2009-10 Departmental Resource Accounts. 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 in 2009-10 was £364M which, whilst slightly higher than the value reported in 2008-09 (£313M), compared favourably with the value reported in other recent years; £607M in 2005-06, £556M in 2006-07 and £350M in 2007-08. The largest individual value in 2009-10 remains the Chinook Mk3 case at £205M.

Figure 3.18 – Losses and Special Payments (£M)



**Value for Money**

3.120 By the end of 2009-10 the MOD had achieved around £1.8Bn of savings through a number of initiatives as set out below. 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 audit of systems and processes to deliver and report VFM savings was conducted by Defence Internal Audit, with the resulting management action plan implemented soon after. Savings have also been reviewed by the National Audit Office with findings published separately in July 2010.

**Corporate Enabling Services**

3.121 Various improvements in Corporate Enabling Services have delivered over £255m of savings since the programme commenced in 2008:

- PACE** – Defence Equipment and Support 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. PACE savings in 2009-10 have been largely achieved through rolling out the programme approach to delivering equipment, implementing flexible ways of working and relocating staff from Andover and Caversfield to North Bristol. 2010-11 will be transitional as these

improvements become embedded within the organisation and the remaining benefits and steady state savings are realised.

- **Streamlining.** The Streamlining programme is implementing the 25% reduction in Head Office posts (approximately 1,000 people) through redeploying approximately 250 military personnel back to front line posts, and 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 Head Office have now been confirmed, the focus of the Streamlining programme has shifted to developing and embedding new ways of working in 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 begin to 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 has absorbed savings made in both 2008-09 and 2009-10.
- **Defence Estates.** Savings of around £8M have been achieved by the end of 2009-10. The Evolving Role of Defence Estates is an initiative to clarify accountability and responsibility across the MOD estate community and ensure that structures supporting military capability operate efficiently. To achieve this, a number of estate change programme initiatives are progressing to deliver efficiency savings now and in the future. Defence Estates is rationalising the way it provides land management and specialist support to both TLB stakeholders and its own estate community through a major cross-MOD Estate Management Review. The first phase concluded in September 2010.

### **Improving Efficiency in Equipment Support.**

3.122 Since 2000 the MOD has radically changed the process by which it supports the Armed Forces across the globe. Around £172M of savings have been delivered to date through a change programme designed to provide 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 improve its availability by 25%, as well as a new arrangement for Contracting for Availability of Underwater Weapons Visual Systems, and the Nuclear Propulsion Sustainability and Availability contract.

### **Nuclear Warhead Capability Sustainment Programme**

3.123 The programme is making savings through a range of initiatives, including those arising from a 2006 review. Contributing elements include: 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 £117M of savings since 2008-09 and is on track to deliver a total of £178M savings by the end of the period.

### **Overseas Operating Bases**

3.124 A complete review of the Headquarters British Forces Cyprus has been carried out with recommendations implemented for reductions in both civilian and military manpower. The £1M savings this Headquarters review has created should continue over the next few years, joining with savings from other projects that reached a total of £4.3M by the end of financial year 2009-10.



**Northern Ireland Drawdown.**

3.125 The drawdown in both military and civilian personnel in Northern Ireland has realised value for money savings of around £116.5M at the end of 2009-10. These savings are expected to sustain throughout the period, with more savings to be realised in the final year of the programme.

**Reprioritisation of Scientific Research**

3.126 A review of research programmes has resulted in funds being reprioritised into activities better aligned to Defence's strategic needs. £25M was reprioritised in 2008-09 from this activity, and has sustained into 2009-10 and will endure in 2010-11.

**Reprioritisation – Planning Round and Equipment Plan Savings (2007-2009)**

3.127 In some cases, the Department has chosen to reprioritise its expenditure to ensure the highest priority, that of delivering success on current operations, is supported most effectively and efficiently. This has meant reallocating funding from lower priority areas to deliver greater value overall.

# ENABLING PROCESSES

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

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

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

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

**K. Safety:** Minimise non-operational fatalities and injuries

**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 - Estate**

### **The Defence Estate**

#### **Size and character**

4.1 The MOD is one of the largest landowners in the UK, 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 training areas and ranges on undeveloped land, some of which is in places of particular environmental or archaeological significance. The MOD has rights to use a further 125,000 hectares in the UK, mainly for training.

4.2 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 2010 estate related Defence assets were valued at some £20.7Bn (2009: £22.3Bn – restated for the impact of IFRS). 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 good practice and is sensitive to social and environmental considerations.

#### **Estate Condition**

4.3 The Defence Estate is maintained and improved through a suite of contracts with Industry. Data on the physical condition of assets is maintained by Defence Estates (DE), and has been captured through surveys and loaded onto the Estate Planning Tool (EPT). DE has agreed with its customers in the MOD a target condition for all assets based on operational and legislative requirements. This is also held on the EPT, which compares the actual physical condition with the target condition. The information is then used for strategic reporting purposes and at local level as part of establishment Integrated Estate Management Plans.

#### **Regional Prime Contracts**

4.4 Maintenance of the majority of the MOD's built estate across England, Scotland and Wales is provided through five Regional Prime Contracts (RPCs). These cost some £345M a year 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. Minor New Works delivered through the RPCs account for another £100M of expenditure, often to deliver Urgent Estate Requirements in support of military operations for Afghanistan.

### **Housing Prime Contract**

4.5 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 are now 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**

4.6 Defence Training Estate (DTE) supplies the majority of military training for the Armed Forces, facilitating safe and sustainable training. 2009-10 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 Departments' 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 Royal Navy, Army, 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 Department's 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**

4.7 DE continued to provide both UK and theatre based commercial and technical support for facilities management and core works projects in support of Operation HERRICK in Afghanistan. For example, an Urgent Operational Requirement for the construction of a Strategic Aircraft Ramp (£20M) at Camp Bastion will allow strategic transport aircraft to fly directly between the UK and Camp Bastion. For this project, a novel and innovative approach to contracting was adopted by Defence Estates, which generated a swift and effective contracting solution in less than two months. When the project is completed, there will no longer be a need for personnel and equipment to transfer internally within Afghanistan between Kandahar and Camp Bastion. It will mitigate the significant risk of casualties occurring during transit journeys by road and generate considerable savings on the cost of internal air transport flights.

4.8 Projects on the overseas estate include the first phase of the £75M SFA project to replace 269 timber Cawood bungalows in Cyprus, which was completed in December 2009 with the successful occupation of 56 new houses. Also, a new £5M Court Martial Centre at Sennelager, Germany, was completed in July 2009.

### **Volunteer Estate**

4.9 The Volunteer Estate 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 DE 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.

4.10 The Strategic Review of Reserves reported in April 2009, and included a number of recommendations to deliver better strategic management and utilisation of the Volunteer Estate. A small team has been established in the central Reserve Forces and Cadets Directorate to lead and coordinate this work alongside the single Services, DE and the RFCAs. This work will include identifying the current and future requirements of the single Services; and undertaking projects to test opportunities for making better use of existing and future facilities. In parallel modernisation of the cadet estate continues through regional delivery updating and refurbishing facilities in-year.

### **Estates Disposals**

4.11 Although the MOD continues to dispose of surplus property, disposals continue to be affected by economic conditions. In addition, certain disposals in Northern Ireland were delayed whilst discussions continued with the Northern Ireland Executive (NIE) over their future use. Parliament has now approved, following the laying of a Departmental Minute in June 2010, the gifting of four sites and related housing to the NIE together with the proceeds of three further sites to be sold by the Department. The MOD received capital relief of £20m through the 2009-10 Supplementary Estimates in recognition of the receipts foregone. Total receipts of £77M were achieved during the year.

### **Next Generation Estates Contract**

4.12 Work continues on the Next Generation Estate Contracts (NGEC) Programme, the aim of which is to identify the most cost effective mix of estate procurement vehicles to meet the future needs of Defence. The first stage of the NGEC Programme, Model Research Stage, was completed in March 2010.

### **Current Estate investment**

4.13 The MOD has a substantial estate investment and rationalisation programme currently in hand:

- The core Navy Command estate is centred upon Royal Navy training establishments at the three principal Base Ports in Portsmouth, Plymouth and Clyde; the Royal Navy Air Stations at Culdrose and Yeovilton; and the Royal Marine establishments and training facilities mostly based 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, including improvements to Living Accommodation.
- For Land Forces, the essential infrastructure balance is between longer term improvement (delivered primarily by modernisation and basing rationalisation) and maintenance of the current built estate in support of current operations. Work has continued on projects to deliver significant rationalisation and modernisation of the estate, most notably centred on the Super Garrisons being developed at Salisbury Plain, Aldershot, East of England, Yorkshire, and Northern Ireland. In addition, preparation work has continued for the move of HQ Allied Rapid Reaction Corps to Imjin Barracks, Gloucester.
- The RAF Basing Strategy, revised in 2008, established principles for the future use of the Air Force estate. Work on Programme Future Brize, the development of RAF Brize Norton as the

prime Defence Air Port of Embarkation and the Air Transport and Air to Air Refuelling hub has continued. As part of the Programme to Rationalise and integrate the Defence Intelligence Estate, RAF Wyton will transfer to Defence Equipment & Support, and RAF Brampton will close by late 2012/early 2013. Following the announcement in December 2009 of a reduction in number of Harrier GR9 aircraft from April 2010, work has begun to allow GR9 operations to concentrate on RAF Wittering. Thereafter, RAF Cottesmore becomes surplus to RAF requirement and will be available for reallocation or disposal.

4.14 Four key programmes drive rationalisation and reshaping of the Central Top Level Budget holder estate. These are Defence Training Rationalisation (now cancelled), the Midlands Medical Accommodation project, the Programme to Rationalise and Integrate the Defence Intelligence Estate, and MOD Head Office Streamlining.

4.15 Work also continues on the further rationalisation of the Defence Equipment & Support (DE&S) organisation. Phase 1 of the DE&S Collocation programme to establish an Acquisition Hub in the Bristol area is complete and saw the move of around 1,000 posts from Andover and Caversfield to Abbey Wood with no impact on support to the Front Line. Phase 2 is now underway and will see DE&S vacate Andover, RAF Wyton and RAF Brampton, St Georges Court (London), Yeovilton, and the Bath sites (Ensligh, Fox Hill and Warminster Road) by March 2012. Work also continues on implementation of the Maritime Change Programme that will develop the Navy of the future alongside its industrial partners in order to deliver efficient, sustainable and affordable Maritime build and through life support programmes. The Corsham New Environment Programme will enable the collocation of key functions of the DE&S Information Systems and Services on a single site at Basil Hill by 2011.

## **Service Accommodation**

### **Single Living Accommodation.**

4.16 In 2009-10 the Armed Forces Single Living Accommodation Modernisation (SLAM) project delivered 1,442 new bed spaces against a target of 1,250 bringing the total upgraded in the UK from April 2003 to March 2010 to 13,800 against a target of just over 12,365.

4.17 Other projects at specific locations in the UK and overseas modernised 3,442 and improved 925 bed spaces during 2009-10. This included 663 overseas. In all, over 40,515 bed spaces have now been built or upgraded since April 2003.

**Table 4.1 - Single Living bed-spaces upgraded each year by SLAM and Parallel projects**

	2003-4	2004-5	2005-6	2006-7	2007-8	2008-09	2009-10
Target	1000	1640	2500	1500	2100	2300	1250
Delivered	150	1862	3570	2207	2008	2719	1442
Cumulative Target	1000	2640	5140	6640	8740	11040	12240
Cumulative Delivery	150	2012	5582	7789	9797	12516	13958

**Table 4.2 - TLB Funded and PFI Delivery**

	2003-4	2004-5	2005-6	2006-7	2007-8	2008-09	2009-10
Target	1500	4300	5300	5800	5550	4150	3630
Delivered	2765	3749	1969	3615	4897	5191	4367
Cumulative Target	1500	5800	11100	16900	22450	26600	30230
Cumulative Delivery	2765	6514	8483	12098	16995	22186	26553

### **Service Family Accommodation**

4.18 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 and 15,500 properties overseas. 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 and overseas. SFA in Europe and Overseas continues to be improved with 430 quarters in Europe being upgraded to the highest standard of condition in 2009-10 against a target of 420.

4.19 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 is being conducted across England and Wales to enable us to understand better the condition of this estate and to inform investment priorities. SFA in Great Britain is assessed as being at one of four Standards for Condition (one being the highest). Overall around 97% of SFA in England and Wales falls within the top two standards, with 41% now assessed as being at standard 1 and 56% 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.

4.20 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 of 825 upgrades in 2009-10 was exceeded as Housing achieved a total of 908 SFA upgrades to Standard 1 for Condition. In addition, approximately 1,600 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.

4.21 The MOD managed some 20,000 moves in and out of SFA in the UK over the past year. It has been necessary to maintain a management margin of empty SFA properties to ensure that

homes are available for entitled families when required. As at 31 March 2010 there were 7,271 empty SFA properties in the UK, representing 14.8% of the total stock against a year end target of 15%. A total of 647 properties have also been disposed of during the financial year and the 'Void Preparation Surge Programme' for 2009-10 has brought some 1,600 properties back on-line in areas of high demand.

## SECTION H - Military Equipment Procurement

### Defence Equipment and Support (DE&S)

4.22 The Equipment Procurement Programme delivers battle-winning equipment to the Armed Forces. It is regularly reviewed as part of the Department's overall planning and programming process, ensuring the best use of available resources to provide the UK Armed Forces with the capabilities they need to conduct operations both today and in the future. In October 2009, the Department received the review of acquisition conducted by Bernard Gray, which had been commissioned in December 2008. The Department accepted many of Mr Gray's recommendations and framed much of the Defence Strategy for Acquisition Reform, published in February 2010, around them. More detail on the Defence Acquisition Reform Programme is included in Section N, Change.

### Financial Performance

#### Value of New Equipment Delivered

4.23 DE&S delivered new equipment valued at £6.4Bn (see Table 4.3) with 10 category A-C<sup>5</sup> equipment procurement projects formally accepted into service. This represented 77% of the asset value planned for delivery in year.

**Table 4.3 – New Equipment Delivered**

Major Asset Category Name	Total Delivery Value in £M
<a href="#">Intangible<sup>1</sup></a>	2,333
IT and Communications Equipment	76
Plant and Machinery	266
Single Use Military Equipment (see below)	2,998
Transport	751
<b>Grand Total</b>	<b>6,424</b>

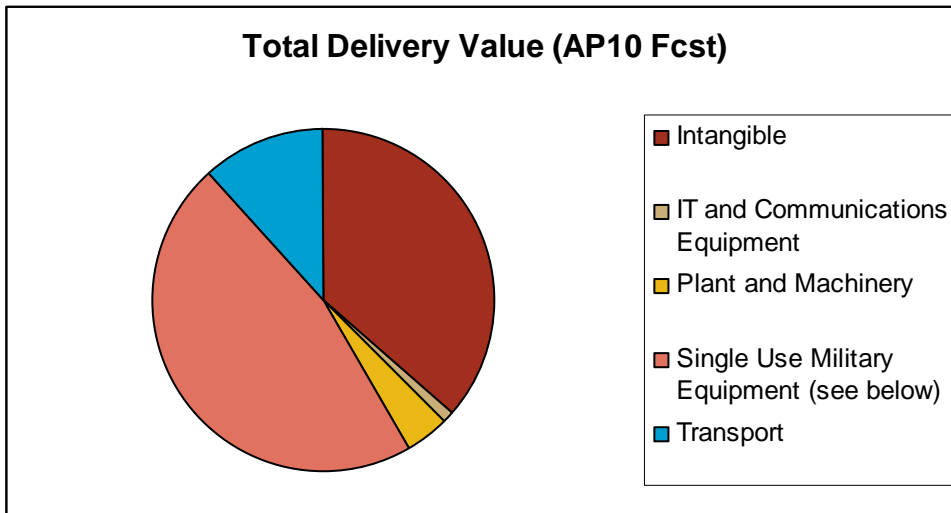
[1<sup>\[1\]</sup> An intangible asset is an asset without physical substance, but is identified and controlled by the Department through custody or legal rights. Examples include software, intellectual property rights, development cost and greenhouse gas emissions allowances](#)

---

<sup>5</sup> Projects worth £20M or more



**Figure 4.1 – Total Delivery Value**



4.24 Total core programme, capital expenditure for DE&S in 2009-2010 was £6.7Bn. Capital expenditure covers money spent on the acquisition of Fixed Assets less any capital receipts on the sale of those assets. It is made up of two principal elements:

- Single Use Military Equipment – 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.

4.25 As the single balance sheet owner for military equipment DE&S was responsible for £56Bn of capital assets, which represented an increase of £4.4Bn during 2009-2010. Depreciation of assets on operations was £221.6M. Items of equipment procured through the Urgent Operational Requirements (UORs) process were depreciated at the same rate as other assets but the expected life was adjusted to reflect the harsh environment in which they were operated. For assets used on operations that were not procured through the UOR process depreciations were adjusted to reflect the state of the asset. DE&S also owns the majority of non-property assets and equipment under construction, which increased by 7% from £17.6Bn to £18.9Bn during the year.

**Key contracts and achievements**

4.26 Examples of some of the key contracts placed for each of the three Services and for the Department are:

4.27 For the Royal Navy:

**Achievements:**

- The first of the Type 45 destroyers, HMS DARING, was commissioned in July 2009 and the remaining five ships in the programme are in various stages of production; DAUNTLESS was handed over from the prime contractor, BAE Systems Surface Ships to the MOD in December and DEFENDER was launched in October.

- In November 2009, the first of the ASTUTE class submarines left BAE Systems Submarine Solutions' shipyard in Barrow-in-Furness to commence sea trials.
- Manufacture of the two Queen Elizabeth class aircraft carriers has begun with the steel cutting for the first vessel at BAE Systems Surface Ships' shipyard in Govan, Glasgow.
- The Military Afloat Reach and Sustainability project was re-launched in October 2009 and will replace the RFA's current single hull tankers with MARPOL (an international convention for prevention of ships pollution) compliant double hull tankers.
- During the year, major upkeep programmes were completed for HM Ships CHATHAM, ALBION, LIVERPOOL, SCOTT, SUTHERLAND, MONTROSE and ARK ROYAL, together with upkeeps for RFAs LARGS BAY, LYME BAY and MOUNTS BAY. Smaller upkeep programmes were completed on nine other ships.
- HMS TRIUMPH completed her refit at HM Naval Base Devonport in February 2010 and embarked on a period of sea trials.

#### 4.28 For the Army:

##### **Achievements:**

- The Next Generation Light Anti-Armour Weapon achieved its In-Service Date (ISD) of April 2009
- The Surveillance System and Range Finder, which will enable soldiers to quickly find the location of enemy forces, achieved its ISD in November 2009. 350 systems (half the total requirement) have already been delivered and were first used on operations in March.
- Trojan and Challenger Armoured Repair and Recovery Vehicle were deployed to theatre in February 2010.
- A Direct Fire Sight for the 105mm Light Gun was delivered to the Army in December 2009.
- Future Lynx (Wildcat) helicopter completed its maiden flight in November 2009.

#### 4.29 For the RAF:

##### **Achievements:**

- The first of 28 new Hawk T Mk2 Advanced Jet Trainers arrived at RAF Valley following formal release to service in April 2009.
- A400M, the new transport aircraft for the RAF, completed its maiden flight in December 2009.
- The first three of eight reverted Chinook Mk3 helicopters were delivered to the RAF. An additional 12 Chinooks are on order, to bring the RAF's fleet up to 60 as part of a Future Helicopter Strategy.

#### 4.30 For the Department:

- The Deployed Automated Pathology Solution UOR was implemented at Camp Bastion Hospital in August 2009. It automated the receipt and issue of UK blood stocks plus the capture and delivery of results from pathology and biochemistry analysis equipment.
- The delivery of the Reacher satellite capability to Kandahar Airbase.

- A £750M contract for the roll-out of the computer system, Defence Information Infrastructure (Increment 3A) to further fixed sites, was signed in December 2009.
- Vehicles delivered to the Department included: 218 Husky; 37 Wolfhound; 136 Jackal 2; 76 Coyote; 151 Ridgback; 163 Mastiff 2 (includes 24 for TALISMAN); four (to trials only) Warthog; and 100 Snatch-Vixen Plus.

## **Urgent Operational Requirements**

4.31 A UOR is an equipment capability that is urgently required for a specific military operation. Where the requirement is new and unforeseen, and specific to a particular operational theatre, it will be funded from the Government Reserve rather than the Defence budget. Over £5.5Bn of expenditure has been approved through the UOR process since 2001. Of this, over £3.5Bn has been for emerging requirements for Afghanistan.

4.32 For 2009-10, the Department agreed an estimate with HM Treasury for Reserve expenditure on UORs of £936M. To encourage improved forecasting, it was also agreed that the MOD would repay in full any excess spend over the estimate, two years in arrears. The final outturn was £819M, as this is within the agreed estimate, there is no requirement for Defence to make any repayment.

4.33 In last year's report, the Department highlighted that over £700M of expenditure had been approved in 2008 for additional vehicles, including a protected mobility package, to improve the safety and protection of our troops on in Afghanistan. Of the vehicle types that make up the Protected Mobility Package, Panther has been deployed since summer 2009. Coyote, Husky, Snatch-Vixen and Jackal 2 have begun to be deployed to theatre and Wolfhound deployed to theatre in Oct 2010. On 29 April 2009, the Department announced that it was going to enhance the ability to counter IEDs in Afghanistan. Alongside a range of standard equipment, the UOR process is providing the additional specialist capability needed by this force. This includes customised protected mobility vehicles, Tallon remote control vehicles, suits for explosive ordnance device clearance personnel, and a range of cutting edge detection equipment.

## **Logistics Management**

4.34 With the end of UK operations in Iraq, support to current operations in Afghanistan is now the main effort for Defence Logistics. The ability to provide assured logistics and equipment support to the Front Line in the right place, at the right time, in the right condition and at the right cost depends on many factors. These include reaping the benefits from investment in Logistics Information Systems; improved partnering with Allies, other government departments and industry; and embedding the programme approach to Through Life Capability Management across the Department.

4.35 The Chief of Defence Materiel is responsible for ensuring that these factors are developed coherently across the whole of defence, including the Front Line Commands. Performance and risk management processes have been established that enable the Department to identify the end-to-end risks associated with supporting current and contingent operations. These assess our ability to support our forces when they are training, deployed on operations and recuperating, identify our capacity to sustain contingent operations, and set out the risks to delivering logistics outputs.

### **Logistic Support to Operations**

4.36 Rotary wing support to operations remains critical to success in Afghanistan. The first Merlin support helicopters have been delivered to theatre as have three of the eight Chinooks under the Mark 3 reversion programme, providing a significant uplift to the heavy lift helicopter fleet.

4.37 The Department continued to take significant steps in many other areas that are recognised as being critical to achieve success on operations. These included further improvements to counter Improvised Explosive Device capabilities (particularly intelligence and analytical capability), an improved Dismounted Close Combat equipment package that will enable troops to train with equipment prior to deployment and increased funding for intelligence, surveillance, target acquisition and reconnaissance capabilities, including a doubling of the number of Reaper unmanned aerial vehicles.

### **Movements**

4.38 The pattern of troop movement for operations includes deployment, mid-tour rest and recuperation and a short period of decompression prior to return home. Personnel movement for operations in Afghanistan is primarily carried out by the TriStar fleet supported by additional charter and C-17 flights for the tactical delivery of personnel to theatre. C-17 was also tasked for repatriation and casualty evacuation flights. Passenger movements elsewhere in the world to support overseas based personnel and exercises is largely carried out by chartered aircraft. In 2009-10 the cost of air charter was around £150M. The delivery of the seventh C-17 aircraft programmed for 2010-11 will provide additional military air transport capacity.

4.39 Nearly 20,000 tonnes of air freight capacity was provided with some 60% provided by air freight charter. Surface routes continue to play a major role in the delivery of supplies to operations with about 24,000 tonnes of routine sustainment traffic moving by commercial means supported by MOD Strategic Roll-on, Roll-off (Ro-Ro) vessels. The Ro-Ro vessels continue to provide support to the Falkland Islands as well as a variety of other tasks such as the movement of equipment to Mombasa in support of Kenya based exercises.

4.40 A major initiative launched in 2009 was the Sail / Fly programme of moving equipment from UK to Cyprus by MOD Strategic Ro-Ro with onward movement to operations in Afghanistan by air. Nearly 300 UOR vehicles and equipments as well as other freight tonnage were moved by this means in 2009-10 and it has proved to be an effective and more cost-efficient option than delivery by air.

### **Supplier Relations**

4.41 The Department spends approximately £20Bn annually, about two thirds of the Defence budget, on externally-sourced goods and services. A large proportion of that expenditure is with a relatively small number of contactors (around 40% is with just ten companies) and it makes sense to work with these companies at a strategic level to understand their capabilities and to jointly improve performance on our major programmes. To this end, a number of our most strategically-important suppliers are subject to the MOD's Key Supplier Management process, which provides a channel for communication on a range of strategic issues and includes an

annual process to measure performance, by both the company and the Department, across the range of significant business with each company. The Department and many key suppliers set corporate targets for improving their performance ratings year-on-year. In the performance measurement round that ended in 2009, average scores for our procurement teams and key suppliers increased by 6% and 5%, respectively, compared with 2008.

4.42 The Department recognises that it relies on a vast number of much smaller companies, whether as direct suppliers or as subcontractors working through our prime contractors. Small and Medium-Sized Enterprises frequently bring high levels of agility and innovation which can be key in responding to rapidly evolving military threats. The Defence Suppliers' Service provides a help-desk<sup>6</sup> and outreach service to help companies looking to sell products and services to the MOD including the provision of contact points within relevant MOD procurement teams or, where appropriate, in the Centre for Defence Enterprise which considers the potential Defence applications of new ideas and technologies. MOD also continues actively to support industry's '21<sup>st</sup> Century Supply Chains' supplier development programme to which it became a signatory in 2008.

## **Defence Exports and Disposals**

### **UK Trade and Investment**

4.43 Responsibility for Defence trade promotion was transferred from the Defence Export Services Organisation in the MOD 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 MOD's 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 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**

4.44 The Disposal Services Authority (DSA) achieved £61.6M in gross sales during 2009-10. Major activities included the work on the refurbishment of the two Hunt Class Mine Clearance Countermeasure vessels - former HM Ships COTTESMORE and DULVERTON - for the Lithuanian Navy, and the handover of the former Landing Ship Logistics RFA SIR BEDIVERE, to the Brazilian Navy in May 2009.

---

<sup>6</sup> The DE&S Supplier Relations Helpdesk can be contacted on telephone number [030 679 32844](tel:03067932844) or email [deshrt-dsshelphdesk@mod.uk](mailto:dessrt-dsshelphdesk@mod.uk)

4.45 The DSA has also been negotiating the sale of a Survey vessel – HM Ship ROEBUCK – and of two Castle Class vessels - HM Ships DUMBARTON CASTLE and LEEDS CASTLE – with an overseas customer. Negotiations are ongoing and the sales are yet to be concluded.

4.46 This year, the DSA published its report on the successful recycling of HMS FEARLESS, the first under the UK Ship Recycling Strategy. In all a total of nine surplus ships have either been or are now being recycled under the strategy. This year, contracts were let for the recycling of former RFA Ships BRAMBLELEAF, SIR PERCIVALE and GREY ROVER. Work continues on the recycling of these vessels, along with Canadian auxiliary ship, RAMEHEAD, at yards in both the UK and Belgium.

4.47 In Jan 2010, the DSA relocated to Abbey Wood and Bicester.

### **Defence Inflation**

4.48 Information on Defence inflation has been published in two reports: 'Estimating Defence Inflation' (Defence Statistics Bulletin No.10) and 'Defence Inflation Estimate 2005-06 to 2008-09'. Both are available at [www.dasa.mod.uk](http://www.dasa.mod.uk).

## **SECTION I - Infrastructure Procurement (Non Military Equipment Procurement).**

### **Non Equipment Investment Plan**

4.49 The Non Equipment Investment Plan (NEIP) is a collection of approximately 60 projects comprising a wide range of estates programmes, change programmes and Departmental information systems programmes. The NEIP has supported financial planning in the MOD by enabling, amongst other things, informed judgements to be made on spend to save programmes and accommodation programmes looking out over 10 years.

4.50 Defence Plan 2008-2012 set overall targets for monitoring the performance of NEIP programmes along the lines of the targets that have been in place for some time to monitor the military equipment programme. Practical experience of operating this system initially presented difficulties. The diversity of the constituent programmes, for example the scale, duration and different funding regimes of programmes has called into question the effectiveness of reporting on the homogenised plan in the way that it had been intended.

4.51 The approach has subsequently been revised (2009-10) to provide statistics for the performance of a representative sample of the NEIP. The report provides figures for each of the sample programmes and also offers a summary to gauge the overall health of the plan. A more detailed breakdown of the NEIP performance assessment reported in Section 1 – Performance can be found in Tables 4.4 and 4.5.

**Table 4.4 – NEIP Performance**

NEIP Overall Assessment

**Procurement**

- 1 DII(F)
- 2 Programme to Rationalise & Integrate Defence Intelligence Staff Estate
- 3 DE&S Collocation
- 4 Defence Fixed Telephone System
- 5 Regional Prime Contract (Central)
- 6 Midland Medical Accommodation
- 7 Single Living Accommodation Modernisation

**Support**

- 8 BORONA
- 9 Whole Fleet Management (JAMES)
- 10 Corsham New Environment
- 11 Allenby/Connaught
- 12 DTR Package 1 (Less DCEME)
- 13 Royal School of Military Engineering

KUR	Cost	Time
Green	Yellow	Green
Green	Yellow	Green
Green	Green	Green
Green	Green	Green
Green	Green	Green
Green	Green	Green
Green	Green	Green
Yellow	Green	Green
Green	Green	Green
Green	Green	Yellow
Green	Green	Green
Green	Green	Green
Green	Green	Green
Green	Green	Green

### **Table 4.5 - Portfolio Summary**

The performance review of the NEIP is based on a sample of the 13 projects detailed below. Together these account for nearly 50% of the revenue expenditure (RDEL) and over 75% of the capital spend (CDEL) of the overall NEIP, which includes approximately 60 programmes.

All projects in the sample are reporting good progress against budget and schedules and that key performance indicators (KPIs) and key user requirements (KURs) are being achieved. Across the sample over 99% of KURs were achieved in the reporting period.

#### **1. DII(F)**

The Defence Information Infrastructure (Future) Programme is the largest Defence IT programme of its type and the MOD's largest single IT infrastructure investment. When complete DII will provide around 140,000 computer terminals to about 300,000 users. The programme covers all four military headquarters and MOD Head Office. DII supports operations from the UK by providing modern, resilient and secure IT infrastructure. It is on schedule to deliver direct financial benefits in excess of £1.6Bn over the lifetime of the programme (2005-15). The interim target to deliver 100,000 computer terminals to 230,000 users at 790 sites was achieved in January 2010, supporting access to some 480 applications. Although there has been success in supporting hundreds of applications, there remain major challenges in hosting some of the more complex applications in the deployed environment.

#### **2. The Programme to Rationalise and Integrate Defence Intelligence Staff Estate**

The PRIDE programme will collocate key Defence Intelligence units. Construction work has started and is on schedule for completion by Autumn 2013.

#### **3. Defence Equipment & Support Collocation**

Work began in 2003 on the feasibility and benefits of collocating parts of what is now DE&S to Abbey Wood in Bristol. The resulting Collocation Project is improving acquisition and through-life management of defence equipment, driving down costs and improving the delivery of capability to the Front Line. Collocation is enabling the development of common processes and more flexible working arrangements and will result in DE&S vacating six other sites in England. Phase 1 saw over 1000 posts relocate from Andover and further staff moves from Wyton and other areas are due in 2010.

#### **4. Defence Fixed Telephone System**

Defence Fixed Telecommunications System (Future) is the provision of Telecommunications services to the UK and some overseas locations through a Public and Private Partnership with a UK contractor from 1997 until 2012. The Managed Site Connectivity service was added during 2009-10 leading to greater efficiency savings arising from a reduction in the civilian and military manpower requirement.



#### **5. Regional Prime Contract (Central)**

The RPC (Central) geographic region comprises the West Midlands, the North West and North East of England together with Wales but excludes properties subject to other arrangements. The Prime Contract requires the Contractor to deliver all core services (planned and reactive maintenance) to the required performance standards for the individual establishments across the region and meet building condition targets. However, savings measures have been required that will result in a more basic level of maintenance being applied to the Defence Estate.

#### **6. Midland Medical Accommodation**

The MMA Project aims to provide a strategic focus for Defence Medical Services (DMS) at DMS Whittington, Lichfield to support the development of a Midlands based military centre of clinical, research and training excellence by March 2014. The project is a three stage incremental acquisition. Increment 1 delivers the HQ Office building and substantial early savings arising from collocation of DMS staff. Increment 2 delivers the remaining non-accommodation elements of the project, including new and refurbished training accommodation, a combined officers' and senior NCOs' mess, junior ranks dining room, learning centre and lecture theatre. In parallel with Increment 2, Increment 3 delivers single living accommodation via Project SLAM. The project completion date has been rescheduled to finish a year later than originally planned due to the need to implement savings measures.

#### **7. Single Living Accommodation Modernisation**

Project SLAM is a tri-service project to deliver modern, high quality single living accommodation for our Armed Forces personnel across England, Wales and, to a lesser extent, Scotland. Defence Estates and the Prime Contractor are responsible for design, construction and initial seven year maintenance of the new facilities. The project is in the second year of the Phase 2 five year contract. By March 2010 it had delivered 13,958 bed spaces, including 1,422 in the last year.

#### **8. BORONA**

The BORONA Programme was tasked with reducing the Defence Estate in Germany. From 2010 to 2017 three major formations are planned to be moved from Germany to UK, other units will be relocated within Germany to Gutersloh Garrison, leading to the closure of Rhine Garrison in 2014 and Munster Station in 2017 (the latter completing the closure of Osnabruck Garrison). Financial pressures have resulted in the overall programme being rescheduled, delaying the closure of some bases in Germany by two years.

#### **9. Tri-Service Whole Fleet Management (WFM) & JAMES**

WFM is a major change programme enabled by the Joint Asset Management and Engineering Solution (JAMES), a new management information system. This will provide better management of the Defence Land Fleet and facilitate training using substantially fewer vehicles. WFM will be delivered incrementally starting with Interim Whole Fleet Management for the Land Vehicle Fleet, and progressing to Tri-Service Whole Fleet Management in 2010.

During the current reporting period the planned full operating capability of the Land Training Fleet was achieved as scheduled and within budget. JAMES 1 roll-out, originally scheduled for November 2009, will now be completed in March 2010 due to delayed availability of IT infrastructure.

#### **10 Corsham New Environment (CNE)**

Corsham New Environment Programme comprises two coordinated projects. The Corsham Development Project is the PFI contract for the provision of a new estate development for Information Services & Systems (ISS) and the Business Change Project ensures continuity of ISS services and support to operations during the transition to the new development.

Although there have been some problems with underground remediation works, the project faces no substantive issues impacting on completion to agreed time, cost and quality for the main construction programme.

#### **11. Allenby/Connaught**

Project Allenby/Connaught is the largest Ministry of Defence Private Finance Initiative (PFI) accommodation and services project. The 35 year PFI contract was let in April 2006 and has a total through life value of around £8.0Bn of which £1.3Bn is capital expenditure involving extensive new build and refurbishment programmes. It provides modern living and working accommodation for military and civilian personnel in Aldershot and at five garrisons located in the Salisbury Plain Area, which accommodate nearly 20% of the Army's overall strength. It focuses on Single Living Accommodation but also includes new dining facilities, theatres, working and technical accommodation as well as community centres, offering a modern and flexible service to Army personnel. The project also provides a full range of support services.

The project is currently three and a half years into the eight year construction phase. Service delivery and the construction programme have met contracted performance requirements. A minor overspend against budget has occurred due to the early completion of some construction works and an unexpected requirement to remove asbestos.

#### **12. Royal School of Military Engineering**

RSME PPP project is a 30 years project lasting until 2038. A private sector partner will assist the RSME in achieving the best value for money solution for the delivery of individual training to maintain and improve the quality of the Military Engineers provided to the Field Army. The contractor provides training, training support, soft services, hard facilities management and infrastructure to the RSME.

Good progress has been made towards meeting KURs with a Junior Ranks accommodation at Minley completed in March 2010. However, some contractual issues regarding variation in the scope of works need to be resolved.

## **SECTION J - Security and Business Continuity**

### **Security**

4.52 During 2009-10, the Department has continued to improve security by increasing overall awareness of security issues and responsibilities across Defence.

### **Business Continuity**

4.53 Business Continuity Management (BCM) focuses on the impact of disruption on the MOD, identifying those products and services on which the organisation depends for its survival, and what is required for it to continue to meet its obligations and deliver its outputs.

4.54 In early summer 2009, the Permanent Secretary appointed Director Business Resilience as Process Owner for BCM in Defence, to develop and maintain a consistent system of policies, standards and work practices. Responsibility and accountability for implementing and maintaining BCM arrangements within Top Level Budgets (TLBs) and Trading Funds (TFs) is delegated to TLB Holders and TF Chief Executives.

4.55 Throughout 2009, effort focussed on the four strategic areas of most concern to MOD:

- 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
- the potential impact on MOD of a human influenza pandemic

4.56 Inevitably, the emergence of Influenza A (H1N1) (Swine Flu) in late-April 2009 and the subsequent declaration of its pandemic status by the World Health Organisation dominated the BCM agenda. However, the need to respond brought with it an increased awareness of the importance of BCM and pandemic planning across the TLBs and TFs, and a greater recognition of the need to better understand our many inter and intra-dependencies.

4.57 TLBs and TFs have BC Strategies in place that direct the implementation of BCM within their organisations to the standard of Joint Services Publication 503 (which is aligned to the British Standard for BCM (BS 25999)), and all are making progress. The challenge for each, and for the Department as a whole, is to consolidate the lessons of Swine Flu and our response to it, so that we continue to make progress on our four strategic areas of concern.

### **Information Assurance**

4.58 The Information Assurance Programme is now well established and is focused on achieving compliance with Level 3 of the Information Assurance Maturity Model by April 2012. A key component of this work is delivery of a behavioural change programme. During the past year a computer based protecting information training programme has been rolled out across MOD. This has now been completed by over 90% of staff. Defence Board members also received specific training.

4.59 Information related incidents continue to be reported in the Personal Data Incidents section of the Departmental Resource Accounts, including details of those which were reported to the Information Commissioner. In the majority of cases involving laptops, the devices have been fully encrypted thus rendering the likelihood of compromise of the information they contain negligible. The Department continues to work closely with our industry partners, particularly those suppliers who handle personal data and other key information on our behalf, to ensure that they understand and implement their responsibilities.

4.60 Following the theft of laptop containing personal details of recruits and potential recruits in 2009, the then Secretary of State for Defence invited Sir Edmund Burton to conduct a review of the handling of personal data in the MOD. A review of the recommendations from the Burton Report at 1 April 2009 showed that 41 of the 51 recommendations had been achieved; both Sir Edmund Burton and the Information Commissioner agreed that those that remained outstanding

required a longer timescale to fully implement. The Information Commissioner's Office confirmed that it did not intend to take any further action with regard to the Enforcement Notice which had been served on the Department following the loss of the laptop containing recruitment data.

4.61 In Jan-Feb 2010, the Information Commissioner's Office completed a spot check of the Department to assess our compliance with the Data Protection Act 1998. No serious weaknesses were identified; the audit report recognises the progress we have made in better protecting our information and offers some objective insights on how we might improve further. The MOD is implementing a number of changes in line with the Information Commissioner's recommendations.

### **MOD Information Strategy**

4.62 The MOD has refreshed its Information Strategy (MODIS) and reaffirmed the Defence Information Vision. MODIS 2009 articulated the need to improve strategic alignment, internally and with key partners, to enhance accessibility and trust, to drive better value for money and to exploit more broadly and more deeply the information it holds. These aims cannot be achieved through technology alone, so emphasis has been placed on improving information management skills across Defence, with proficiency standards, to be achieved by 2012, for personnel in the Royal Navy, Army, Air Force and Civil Service, as well as in many of our key commercial partnerships.

## **SECTION K - Safety**

4.63 During the past year a great deal of work has been undertaken by the Department to further develop and demonstrate our commitment to safety, including: the continued focus of the Defence Board on safety; an overall renewed focus on health and safety following the findings of the Nimrod Review<sup>7</sup> undertaken by Charles Haddon-Cave QC; and the development of a safety strategy.

4.64 The Defence Board places particular importance upon safety, ensuring that it is discussed at every Defence Board meeting, and is committed to improving safety within the Department. If a fatality or serious safety incident occurs, then the Defence Board challenges and holds to account the individual Board Members in whose area it occurred. Furthermore, the Defence Board scrutinises trends in fatalities and serious incidents to determine where specific action needs to be taken.

### **The Nimrod Review**

4.65 One of the key recommendations in the Nimrod Review was the establishment of the Military Aviation Authority (MAA), which stood up in April 2010. This is to provide a strategic change in how military airworthiness is managed in the MOD. Led by a three-star military officer, the MAA is responsible for the governance of all military aviation safety. The Nimrod Review

---

<sup>7</sup> The Nimrod Review. An independent review by Charles Haddon-Cave QC into the broader issues surrounding the loss of the Royal Air Force Nimrod MR2 aircraft XV230 in Afghanistan on 2 September 2006. Published 25 Oct 2009

recommendations also have resonance for safety functions beyond the air domain and we are examining the implications and opportunities this presents.

4.66 Further work will look at a range of issues including interfaces with industry/acquisition reform, safety cases, personnel, safety culture, safety authority and clarification of delegation of responsibilities. Within these work streams we will look at better systems for identification and management of risk, and improved means of capturing and learning lessons from accidents and incidents. Indeed, learning lessons is a top priority in our Defence Environment and Safety Board (DESB) Action Plan. This and the wider cultural observations in the Review also feed into the Defence Acquisition Reform Project and the Strategic Defence and Security Review. Implementation of changes resulting from the Nimrod Review will take time, as Mr Haddon-Cave acknowledges, but the report has created a huge impetus to make real and enduring improvements in safety management and behaviours.

### **Safety Strategy**

4.67 To provide more focus on delivering improvements in safety management and performance in the longer term, a Safety Strategy has been developed for the Department. It incorporates elements of the Health and Safety Executive (HSE) Strategy<sup>8</sup> including the following strategic goals: a learning organisation; demonstrable leadership and continuous improvement; clear competence and performance measurement requirement; understanding and managing hazards and risks; fully compliant estate and infrastructure; and involving people and effective communications. In addition to these goals, we continue to work to ensure that the MOD has the right procedures, training and accountability in place to achieve the very highest standards of safety management and performance. A delivery plan, which complements the Haddon–Cave work, is a key part of the strategy with specific and measurable actions aimed at achieving sustainable reductions in fatalities and injuries to our Service and civilian personnel.

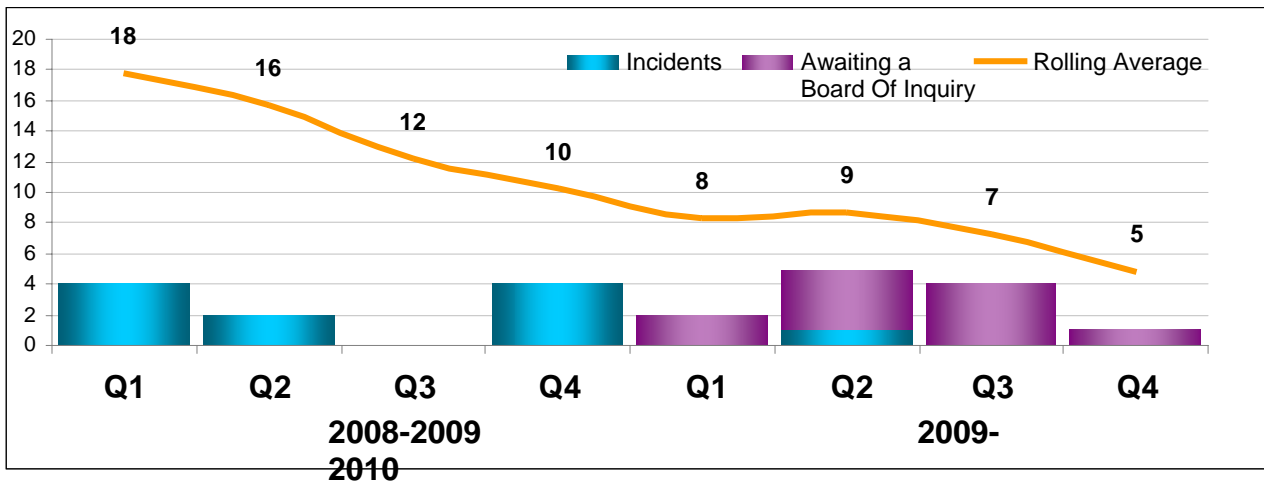
### **Avoiding Fatalities**

4.68 There were two deaths related to health and safety failures in 2009-10, with a further ten currently under investigation that may add to this number. We continue to work towards our strategic target of zero fatalities as a result of accidents.

---

<sup>8</sup> The Health and Safety of Great Britain \\ 'Be Part of the Solution'. HSE. Launched on 3 Dec 08

**Figure 4.2 - Fatalities**

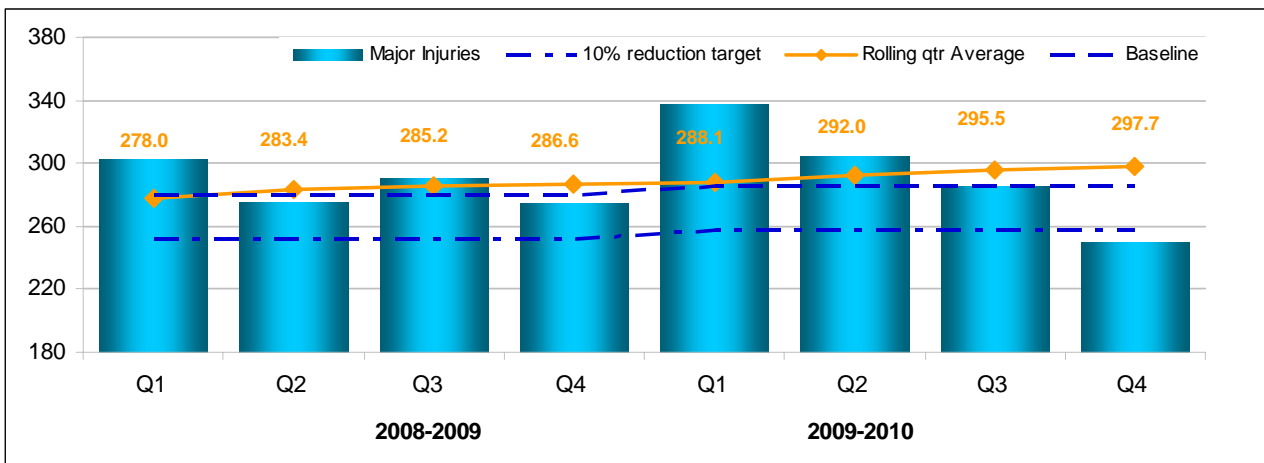


4.69 The number of road traffic accidents is down from 32 in 2008-09 to 26 in 2009-10. We continue to promote initiatives to reduce this number, including through the Defence Road Safety campaign. Indeed, the road safety film ‘This Was Your Life’, commissioned by the Army’s Chief Environment and Safety Officer, was awarded a World Gold Medal at the International New York 2009 Film & Video Awards Ceremony.

4.70 Suicides rates in the Armed Forces are also monitored closely by the Defence Board and remain below the national average. There were 15 suicides or suspected suicides in 2009-10 against a total of 13 in 2008-09. We continue to work to increase awareness of the issue and reduce the stigma associated with addressing personal problems.

**Minimising Major Injuries**

**Figure 4.3 – Major Injuries**



4.71 We continually strive to reduce the number of major injuries and in 2009-10 the number of major injuries reported was 1,178 compared to 1,143 in 2008-09. It is considered that this increase is due to better reporting, rather than an actual increase in accidents of this type, and as such we are confident that the number has already peaked. This is supported by reductions

in major injuries over the second half of the reporting year: 536 in comparison to 642 in the first half. Our aim, reflected in the new Safety Strategy, is for a 10% reduction in major injuries by 2013-14.

### **Assurance and Accountability**

4.72 Safety in MOD is monitored by the DESB whose role is to provide critical review and assurance upwards to the Defence Audit Committee, and the Defence Board. It is chaired by the 2nd Permanent Under Secretary and draws its membership not only from policy and support areas but also from those responsible for implementation.

4.73 Supporting the DESB are seven Functional Safety Boards<sup>9</sup> that address safety and environmental protection issues within specific domains. These boards draw on a wide range of specialist competence to provide assurance on the implementation of MOD's safety management systems, reporting annually to the DESB.

4.74 The DESB annual assurance report provides a detailed summary of the Department's current position with regard to safety. It contains evidence of where we are doing well and where we need to improve. In February 2010 the DESB noted much good work on safety improvement across Defence but recognised that challenges remained. It therefore agreed to provide the Defence Audit Committee with a "Limited Assurance" against the management of Safety, Environmental Protection and Sustainable Development in 2009.

4.75 During 2009, there were two detailed reviews into safety management in the MOD, one completed by Defence Internal Audit (DIA), and the other by a member of the Senior Civil Service looking specifically at safety on Operations. Both were explicit about the progress and improvements made over the past two years. In particular, the DIA audit provided Substantial Assurance and concluded that health and safety roles and responsibilities were well defined, that assurance was being actively managed and that guidance and policy direction was in place and regularly reviewed. But MOD is not and cannot be complacent: despite pressure on resources across the Department, there is a continual strive to improve and develop health and safety processes, organisational culture and individual behaviours.

## **SECTION L - Sustainable Development**

4.76 For the MOD, Sustainable Development (SD) is about balancing the environmental, social and economic/financial impacts of every decision we take. It is also concerned with taking into account the potential future impacts of environmental, social and economic issues (climate change, migration, poverty, legislation etc) on the way our organisation functions.

### **The MOD's sustainable development record**

4.77 The Sustainable Development Commission's (SDC) Headline Commentary 2009<sup>10</sup> awarded MOD four out of five stars for our overall performance towards the Sustainable Operations on the Government Estate (SOGE) targets. The SDC noted that the MOD is the only

---

<sup>9</sup> These are the Defence Nuclear Environment and Safety Board, Defence Ordnance Safety Board, Ship Safety Board, Land Systems Safety Board, MOD Aviation Regulation and Safety Board (to be superseded by the MAA), Occupational Health and Safety Board, and the Defence Fuels and Gases Safety Board.

<sup>10</sup> Available at <http://www.sd-commission.org.uk/publications/downloads/SOGE%202009%20Headline%20Commentary.pdf>

one of 'the big four' departments to have already achieved the 2010-11 target to reduce carbon emissions from its estate by 12.5% (relative to 1999-2000 levels) and that the MOD contributed 91% of the entire pan-Government reduction in carbon emissions from offices.

## **Strategy**

4.78 There is clear strategic direction for SD in the MOD. Our SD Strategy<sup>11</sup> and Action Plan<sup>12</sup> set out the MOD's approach to SD. The Department is currently revising the Strategy to reflect the new Strategy for Defence<sup>13</sup>; the new Departmental process owner model; and latest thinking on SD in Defence.

## **Sustainable Consumption and Production**

4.79 Embedding sustainable development into our acquisition activities will ensure that our equipment can operate effectively in future climatic conditions and in times of natural resource shortages. For example, the Department is working to reduce the Armed Forces' reliance on fossil fuels. This is likely to save money and lives, as well as reduce the Armed Forces' environmental impacts.

4.80 Defence's suppliers are key to the success of sustainable procurement. The Department is working closely with our suppliers and industrial partners to leverage new technologies that will help us deliver our sustainable procurement agenda. Defence Estates has formed a working group with suppliers, which has developed performance indicators to embed sustainable development within estate operations. An awareness sub-group has also been set up to identify and replicate best practice.

4.81 Whilst the Department is moving forward in the area of sustainable procurement, progress against the Pan Government Flexible Framework<sup>14</sup> has been slower than we had hoped. This has been addressed through the re-prioritisation of the MOD sustainable procurement programme at the start of 2009, which has put the Department in a good position to meet the revised targets. A new MOD Sustainable Procurement Strategy<sup>15</sup> was published on 26 March 2010 to direct future work such as the development of a long-term MOD sustainable procurement training requirement.

4.82 MOD is working towards becoming a zero waste to landfill organisation. The path to achieving this objective is set out within a new Waste Management Strategy. Sending zero-waste to landfill will be a challenge for the MOD. A lot of waste is generated, a proportion of which is non standard (for example ships and aircraft), and many of our existing legacy contracts prevent making progress as quickly as we would like. Accurate waste data collection is difficult due to long-standing contracts that do not meet current best practice requirements for data collection. The waste baseline currently includes around 75% of our waste. Future waste management contracts include appropriate data collection requirements.

---

<sup>11</sup> Available at <http://www.mod.uk/NR/rdonlyres/FD9DAF98-43C5-4453-A6CF-5D03C8A5963E/0/SusDevStrategy.pdf>

<sup>12</sup> Available at <http://www.mod.uk/NR/rdonlyres/AA3A7D1B-4A1C-46F3-8493-DD8E793FF2FC/0/ActionPlan2009.pdf>

<sup>13</sup> Available at <http://www.mod.uk/NR/rdonlyres/32421DC3-CA13-49BC-88F4-2F77E973CB67/0/strategystatement.pdf>

<sup>14</sup> Available at [http://www.dft.gov.uk/adobepdf/187604/ANNEX\\_A.pdf](http://www.dft.gov.uk/adobepdf/187604/ANNEX_A.pdf)

<sup>15</sup> Available at [http://www.mod.uk/NR/rdonlyres/BECEB4D28-EB95-4DB5-881E-DDA68AF53FC0/0/20100322MOD\\_SP\\_Strategyu.pdf](http://www.mod.uk/NR/rdonlyres/BECEB4D28-EB95-4DB5-881E-DDA68AF53FC0/0/20100322MOD_SP_Strategyu.pdf)



4.83 The Department has had a number of waste management successes to date, however, including winning recycling awards. The Army London District won the Local Authority Partnership Award at the Association for Organics Recycling annual awards in February 2010 for achieving a recycling rate of over 82%.

4.84 The MOD has a large built estate and is unique in Government in commissioning a wide variety of building types that encompass virtually every type of civilian building as well as specialised military assets. Therefore, the Department has the potential to lead the way in sustainable design and construction in Government. There is a strong performance in this area as well as numerous examples of good practice. For example, new accommodation at Megiddo Barracks, Catterick, was built using energy efficient construction materials and design, including solar preheating, ground and air source heat pumps, and occupancy and daylight saving linked lighting control systems.

### **Climate Change and Energy**

4.85 The MOD is the largest energy user in central government, representing around 70% of central Government and 17% of public sector CO<sub>2</sub> emissions. The Department is committed to cutting emissions and has already met the Government's 12.5% 2010-11 CO<sub>2</sub> reduction target. This has been achieved through measures such as the installation of smart meters, site energy audits, the development of an incentive scheme to encourage new ideas and the use of renewable sources of energy.

4.86 Working with external partners has also been key to reducing CO<sub>2</sub> emissions. Organisations such as the Carbon Trust have helped MOD to reduce its carbon footprint through the identification of energy efficiency measures and the use of alternative lower-carbon energy sources (such as renewable or combined heat and power energy).

4.87 Since 2007, more than £20M has been secured from external sources for energy efficiency measures. This year has included some £8.8M from DECC Low Carbon Technology fund and £3.8M from SALIX energy efficiency grants. In total this funding is delivering more than 100 carbon reduction projects across the estate.

4.88 A revised Climate Change Strategy was published and refreshed MOD Climate Change Strategy<sup>16</sup> in April 2010. The strategy, and associated delivery plan set out the actions that the Department will take to meet our Carbon Budget (Defence in a Changing Climate<sup>17</sup>) in the two sectors to which MOD contributes: Public Sector Emissions, which encompasses emissions from the MOD estate and business administrative travel; and the Transport Sector, which is all the emissions from MOD ships, aircraft and ground vehicles (Operational Energy Use). In both of these areas the Department sets out actions that will reduce emissions, while at the same time reducing costs, and potentially increasing operational capability.

4.89 The Strategy also sets out how the MOD will adapt to future changes by developing a deeper understanding of its role in the pan-government response to the security threat posed by

---

<sup>16</sup> Available at <http://www.mod.uk/NR/ronlyres/58799038-34D2-4A93-94C8-6BBF770B9EA0/0/MODClimateChangeStrategyFINAL.pdf>

<sup>17</sup> <http://www.mod.uk/NR/ronlyres/378271EE-0F39-4DF2-8FBB-E56E42733AD6/0/DefenceinaChangingClimateFINAL.pdf>

climate change, as well as adapting our own equipment and estate, using the MOD Climate Impact Risk Assessment Methodology, which has already been trialled on key estate sites.

4.90 Together with the FCO, the Department appointed a Climate and Energy Security Envoy in 2009 to broaden and deepen the debate on the security implications of climate change.

4.91 The MOD has developed a Sustainable Travel Policy that sets out how MOD will improve the sustainability of business administrative travel. This includes work on travel avoidance, rail, air, and road travel. For example, in 2009 a trial of the Electronic Driver Assistance Project was extended from 200 vehicles to 4,500 vehicles for three years. This project aims to reduce road deaths, improve driving, reduce wear and tear on vehicles and reduce fuel use and CO<sub>2</sub> emissions.

### **Natural Resource protection and environmental enhancement**

4.92 With approximately 4,000 sites throughout Britain, and myriad water uses (including domestic, office, industrial, vehicle washing, swimming pools, testing tanks and fire fighting/training) there is the opportunity to make a major contribution to improving water efficiency in the UK. Measures put in place by service providers Aquatrine have already reduced our water usage (including leakage) by 25% which is ten years ahead of the SOGE target.

4.93 The MOD is committed to continuing to improve the condition of the 171 Sites/Areas of Special Scientific Interest it manages. At March 2010, 96.6% of those in England, 94% in Scotland, 76% in Wales and 70% in Northern Ireland were in Favourable, or Unfavourable Recovering, condition against Government and devolved administration targets of 95% by the end of 2010 in England and Scotland, 85% by 2013 in Wales and 95% by 2013 in Northern Ireland.

4.94 MOD has won awards for its conservation work. For example, the Defence Training Estates Castlemartin is an important site for the conservation of the Shril Carder Bee (a UK Biodiversity Action Plan species found on only six sites in the UK). An MOD project to increase the population of this rare bee recently won a conservation prize from the Association for Conservation and Live for the Outdoors.

4.95 The MOD has a rich and diverse historic environment on its UK estate and overseas. The Department is responsible for over half of the Government's historic environment assets. Areas of the MOD estate fall within nine UK cultural World Heritage Sites and a number of MOD sites have been designated as, or are within, Conservation Areas. Overseas, MOD is responsible for important historic environment features such as the classical remains on the Cyprus Sovereign bases, historic buildings of Gibraltar and a number of features on training areas in Germany. The MOD's Heritage Report<sup>18</sup> provides a comprehensive assessment of the condition of MOD's historic estate.

### **Creating Sustainable Communities and a fairer world**

4.96 The MOD's work to build security overseas is a key contributor to Sustainable Development. Internationally, MOD works with other government departments to prevent or

---

<sup>18</sup> Available at [http://www.mod.uk/NR/rdonlyres/D0EEBC4D-5982-4C9F-BA4A-555936E544CD/0/heritage\\_report\\_0709.pdf](http://www.mod.uk/NR/rdonlyres/D0EEBC4D-5982-4C9F-BA4A-555936E544CD/0/heritage_report_0709.pdf)

contain violence, protect people and institutions, build capacity and undertake Security Sector Reform in some of the most poorly developed regions and countries in the world. This work is essential for preventing further conflict, strengthening international peace and creating the conditions for sustainable development overseas.

4.97 The MOD is a socially responsible neighbour and employer. For example, a new play area, delivered at Marchwood near Southampton by Defence Estates and MODern Housing Solutions in November 2009, provides an important recreation area for children who live in Service Families Accommodation and local civilian families. The play park is part of a wider programme of works to improve the recreational facilities available to service families. The MOD also considers how its activities could impact on local communities.

4.98 Overseas, the Welsh Guards determined that the biggest concern in the Afghanistan village of Basaran was the lack of schooling after the headmaster was executed by the Taliban in front of the children and the school had fallen into disrepair. For months, soldiers provided security for the school to be renovated by local workers and it reopened in September 2009 with more than 370 registered pupils. They also repaired wells and plans are in place for a hydroelectric power turbine to be installed.

4.99 The MOD provides public services in the UK and overseas. Our Armed Forces and civil servants also contribute to a huge amount of non-operational initiatives in support of the MOD's 'Force for Good' vision. These include disaster relief; counter drug operations; bomb disposal; air, sea and mountain rescue; and work with Service veterans, cadets and schools.

4.100 The MOD values and invests in its people. As an employer, we take health and safety, equality and diversity, training and volunteering very seriously. For more information on the above social responsibility issues see the MOD's Sustainable Development Report & Action Plan and other sections of this report.

# 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 building for the future?”**

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.

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

## **SECTION M - Future Capabilities**

### **Defence Strategic Guidance**

5.1 During 2009-10 MOD continued to implement the changes made during the Equipment Examination and 2009 Planning Round, which were designed to bring the Defence programme better into balance and ensure that it fully reflected the priority attached to supporting current operations.

### **Future Equipment Capability Programmes**

#### **Rebalancing the Equipment Programme**

5.2 Following the then Defence Secretary's announcement on the conclusion of the Equipment Examination in December 2008, work has continued on bringing the Defence Equipment Programme more closely into balance. The Equipment Examination, and wider 2009 planning round activity, removed approximately £15Bn from defence spending plans over the 10 year planning period.

5.3 In December 2009, the then Secretary of State announced further measures aimed at aligning the programme more closely with available resources, together with enhancements to our operations in Afghanistan worth £900M over the next three years. These measures included reducing the Harrier force by one squadron, withdrawing the Nimrod MR2 force 12 months early and, at the time, slowing the introduction of the MRA4. Note: SDSR concluded that Harrier will be withdrawn from service, and MRA4 will not proceed.

#### **Major Equipment Programmes**

5.4 The replacement programme for the current Vanguard class submarines has continued. Owing to the need for further work to be conducted on the major design options, the decision was taken to extend the concept phase and seek an initial gate decision later this year. This will set out the broad submarine and propulsion design options and allow MOD to move forward with more detailed design work.<sup>19</sup> There has been continued investment in sustaining capabilities at the Atomic Weapons Establishment, to ensure we can maintain the existing warhead for as long as necessary, and to develop a replacement if that is required.

5.5 We have made good progress with our major maritime equipment projects. By the end of the year, manufacturing work on the Queen Elizabeth Class carriers was underway in five shipyards – Appledore, Rosyth, Govan, Portsmouth and Tyne, with work due to start at the sixth and final yard, Birkenhead, during 2010.

5.6 HMS DARING, the first of the Type 45 Destroyers, was commissioned into the Royal Navy in July 2009 and completed her Stage 2 sea trials in February. She entered service in July 2010. HMS DAUNTLESS's Stage 2 Sea Trials are now underway and she is expected to enter operational service in 2011. HMS DIAMOND, HMS DRAGON and HMS DEFENDER have all now been launched and HMS DUNCAN, the sixth and final Type 45 Destroyer to be built, is due

---

<sup>19</sup> Further information can be found in "Securing Britain in an Age of Uncertainty: The Strategic Defence and Security Review" available at [http://www.direct.gov.uk/prod\\_consum\\_dg/groups/dg\\_digitalassets/@dg/@en/documents/digitalasset/dg\\_191634.pdf?CID=PDF&PLA=furl&CRE=sdsr](http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_191634.pdf?CID=PDF&PLA=furl&CRE=sdsr)

to be launched in late 2010. The Type 45's Sea Viper missile system is undergoing a rigorous test programme to ensure that any problems are resolved before it enters service. Four test firings of the Sea Viper System have taken place in accordance with the planned programme, though two of the test firings did not meet all of their planned objectives. Analysis of the most recent test firing in November 2009 has been taking place since then.

5.7 Further progress has been made to deliver the Astute Class of submarines, which will be the largest and most advanced attack submarines ever built for the Royal Navy. In November 2009, the first of class, HMS ASTUTE, began an extensive period of sea trials, which will provide the first opportunity to demonstrate her operational capability prior to formal handover to the Royal Navy. HMS AMBUSH, HMS ARTFUL and HMS AUDACIOUS are currently under construction at BAES Submarine Solutions shipyard in Barrow-in-Furness.

5.8 As part of the Department's ongoing efforts to deliver better value for money and support the continued transformation of the maritime industrial sector, we signed two 15-year partnering agreements last year, one with BVT, now BAE Systems Surface Ships, and the other with Babcock Marine (BM). These Terms of Business Agreements (TOBAs) grant exclusivity in relation to surface warship design, manufacture and elements of support (in the case of the BVT TOBA) and submarine support, maintenance and decommissioning, and engineering and other services for surface warships and submarines at Her Majesty's Naval Bases Devonport and Clyde (in the case of the BM TOBA). In return, these agreements will deliver benefits to the Department of more than £350M and £1.2Bn respectively arising from efficiency and rationalisation over the length of the agreements.

5.9 The Future Rapid Effect System programme has been recast during the past year and instead of a single programme with a complex procurement strategy, the plan changed to have a coherent set of constituent projects, to deliver higher levels of deployability and protection than the current in-service fleet, and will have the potential to accommodate new advances in technology. They will also provide the high degree of integration and interoperability essential on the modern battlefield, with commonality within each vehicle family. The cost of this strategy will be less commonality between the different vehicle families but it will still be a vast improvement on the current situation.

5.10 Further additions continued to be made to the protected mobility fleet in Afghanistan. The last year has seen delivery of the new Coyote and Husky tactical support vehicles, and the new Ridgback protected patrol vehicle. These vehicles will provide enhanced levels of protection, enabling us to withdraw lesser protected vehicles from operations.

5.11 The Surveillance and Target Acquisition package is a new suite of equipment that has been ordered as part of the Future Integrated Soldier Technology programme. This package includes equipment that will provide improved day and night surveillance and target acquisition, increasing the combat effectiveness of the soldiers, marines and RAF Regiment personnel involved in Dismounted Close Combat. Other improvements to equipment provided to personnel involved in the close battle have been delivered through the Dismounted Close Combat Consolidation package.

5.12 In July 2009, the Department placed an order for a further 40 multi-role Typhoon aircraft for the RAF. Each of the Tranche 3 aircraft will be able to deliver a maximum of eight air-to-air weapons and up to six air to surface weapons. They will be based at RAF Coningsby in Lincolnshire and at RAF Leuchars in Fife, Scotland, with the first of the new aircraft expected to enter service with the RAF in 2013.

5.13 Typhoon is already proving to be a highly effective multi-role aircraft and in October 2009 it was deployed to the Falkland Islands to take over the Quick Reaction Alert task from the Tornado F3s.

5.14 The MOD has also taken steps to ensure value for money in our support costs through life. In January 2010 we placed a new £865M partnering support contract with Rolls Royce for Typhoon engine support, which will provide a more efficient service. As part of the Tranche 3 negotiations we secured partner nations' commitment to a series of measures to deliver support savings, which for the UK will equate to approximately £900M through life.

5.15 Building on the success of the partnering support arrangements with industry on the existing Tornado fleets, the Department placed a £690M contract for Tornado engine support that will take these aircraft through to their end of service dates.

5.16 The Department has also made progress in resolving the well-reported delay to the A400M programme. Partner Nations reached agreement with Airbus Military on a non-legally binding Heads of Terms that will provide the basis for a formal contract amendment in the coming months. The UK now expects the programme to deliver no less than 22 aircraft, a reduction of three from the 25 originally contracted for, within the existing financial provision with a revised In Service Date of 2015.

5.17 In December 2009 the MOD signed a contract with Boeing for the purchase of a C-17 Globemaster III Aircraft that will bring the fleet to seven aircraft. Since its entry into service in 2001, the current six aircraft UK C-17 fleet has provided outstanding performance in RAF service both in support of operations, humanitarian relief and routine tasks. Procurement of the seventh C-17 aircraft for delivery in December 2010 and service entry in March 2011 will provide a major boost to the UK's strategic airlift capability.

5.18 There are significant enhancements to the helicopter fleet. The Chinook Mk3 reversion programme is converting eight Chinook Mk3 aircraft to a Support Helicopter role, with the last of the converted Chinook Mk3 aircraft expected to be completed by the end of 2010. The Merlin fleet is being redeployed to Afghanistan. It has been equipped with the latest avionics and defensive aids to ensure it is capable of performing a range of military tasks and will be a valuable asset for our deployed Support Helicopter force. A contract to upgrade the engines for the Lynx Mk9 fleet was signed in February 2010, which will optimise their 'hot and high' performance, increasing their availability in the front line. In March 2010, the Department contracted with Boeing for initial design and manufacture work for new Chinook helicopters.

5.19 For the existing Chinook fleet, MOD announced in September 2009 a £408M upgrade. This included a £128M contract to fit the full Chinook fleet with more powerful T55-714 engines, increasing their ability to operate 'hot and high' and improving flight safety, plus a £280M

contract to fit part-digitised cockpits that will improve the capability of the aircraft under demanding low light conditions.

5.20 In May 2009 deliveries began of the Hawk T Mk 2 aircraft to RAF Valley, where they have undertaken production acceptance, syllabus development and instructor training flights. The Hawk T Mk2 is the first tangible product of the UK Military Flying System (part of the newly formed Flight Training Support Team) that will deliver a long-term, cost effective, coherent, flexible and integrated tri-Service training capability for the future flying training needs of the UK Armed Forces. In March 2010 the Department placed a £120M contract for its in-service support for the next four years.

### **Defence Information Infrastructure**

5.21 Defence Information Infrastructure (DII) is the largest Defence IT programme of its type in the world. Once delivered in full it will provide a single, secure and coherent IT infrastructure across the whole of Defence. It will provide support to some 300,000 users on around 140,000 computer terminals operating in the Restricted, Secret and Top Secret domains in the Fixed (permanent land-based sites), Deployed (including Maritime) and Mobile environments. The capability is provided as a service under incremental contract with the delivery partner (the ATLAS consortium) at an estimated total cost of around £7.1Bn over the ten years of the contract, which is due to end in March 2015.

5.22 DII is delivering operational benefits to the Department. It is a key enabler to other Defence Change Programmes and for the delivery of mission critical capabilities and core business applications. DII is on track to deliver estimated direct financial benefits to the Department in excess of £1.6Bn; it is enabling other programme and application benefits to be realised too. Other significant milestones during the year included:

- The successful completion of delivery to the Permanent Joint Headquarters, Air Command, Navy Command and MOD headquarters in Whitehall. DII is supporting Land Forces to complete Project HYPERION, which will bring together CinC Land Forces and the Adjutant General at Andover.
- The Office of Government Commerce (OGC) conducted a whole programme review in early 2010. The OGC recognised that significant delivery challenges remained but stated that once these are addressed they should not lead to cost or schedule overrun.
- On 18 December 2009 the MOD signed the next programmed critical phase to DII. Increment 3a will provide a further 42,000 computer terminals operating in the Restricted and Secret domains at the remaining MOD permanent sites, replacing outdated legacy IT systems with improved capability to meet the current and future threats to the UK and its allies. Increment 3a will provide enhanced capability to around 60,000 personnel, notably within the RAF, at Joint Helicopter Command, and at other Defence locations.
- DII is intensifying its focus on establishing core software capability, which will deliver improved ways of working directly supporting all three Services and wider MOD both in the UK and overseas. This is proving to be particularly challenging and to help mitigate this risk, the MOD is running pilots to develop and share best practice across all areas.
- DII Optimisation is an area of work looking at further increasing the efficiency in DII delivery and operation to ensure best value for money and optimise programme performance.



## **Science Innovation Technology**

5.23 Science and technology innovation throughout Defence was 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.

## **Innovation**

5.24 Innovation in Defence is central to providing improved equipment, processes and services to the Armed Forces. We drive innovation by generating and exploiting new or novel applications of technology, processes and services. As part of the Innovation Procurement Plan, the MOD published the Defence Technology Plan. This was fully refreshed during 2009-10.

5.25 The Defence Technology Plan allows MOD to advertise technology needs openly to the whole of the UK science and technology supplier base. It contains a list of current Research and Development (R&D) priorities to provide clear direction to the R&D community on investment in defence technology, aiming to encourage fresh and innovative thinking. It is available at [www.science.mod.uk](http://www.science.mod.uk). The online format allows regular updates so that industry and academia can better direct investment in defence science and technology.

## **Effective support to current and future equipment programmes**

5.26 An event in March 2010 as part of National Science and Engineering Week showcased current and future force protection technologies. This was organised with industry partners and highlighted the role of science and technology in providing cutting-edge equipment for UK Armed Forces – now and in the future. The occasion gave an insight into current technologies being deployed in support of the Armed Forces, as well as a forward look at the scientific innovations which may one day add to the current impressive range of tools affording military personnel a 'battle-winning' edge.

## **Research**

5.27 During the year MOD placed £489M of research contracts. This included:

- Development of specialist exercise equipment for the rehabilitation of injured Armed Forces personnel
- Research into the real-time monitoring of chemical warfare agent penetration of protective clothing
- An investigation into the use of conductive textiles to replace conventional wiring looms to power weapons and radios or charge batteries

## **Changes to Defence Science and Technology**

5.28 In April 2009 the Chief Scientific Adviser commissioned a review of how Science and Technology (S&T) is delivered within MOD. The review showed that there were a number of important changes that could be made to improve and simplify our organisational structures and

processes. Crucially, there are opportunities to reduce the number of interfaces both within the Defence S&T community and also in our interactions with the wider Department, industry and academia.

5.29 As a result Science Innovation and Technology ceased to be a standalone Top Level Budget holder on 1 April 2010. A new Defence S&T Programme Office is now responsible for the planning and delivery of the defence research programme as directed by the Defence R&D Board.

### **Support to Operations**

5.30 Our forces have continued to face a number of serious challenges on operations in Afghanistan over the past year, in particular an increase in the threat from improvised explosive devices (IED). The research effort has been led by a team drawn from across the military, scientific and industrial communities which has harnessed technology to help us gain the upper hand in the counter IED struggle. This innovative approach has allowed us to focus our capability development activities in this critical area and has produced a number of successful initiatives, including state of the art hand held detection devices which have already been delivered to troops in Afghanistan.

### **Through Life Capability Management**

5.31 Battle-winning capability requires a carefully planned integration of military personnel with the requisite training, equipment, information, doctrine, organisation, infrastructure and logistics. We need to think about all the issues from concept through to disposal, not least because the up-front costs of equipment account on average for only around a third of the whole-life costs, and the fixed costs of support are generally high.

5.32 The through life approach to managing capability aims to ensure that decision-making takes into account all of these factors. It brings together people from across Defence who have a major role in delivering military capability. They seek to take a holistic view of how this is done, weighing the desired capability against relevant technology, financial, industrial and commercial issues.

5.33 Through Life Capability Management was established in 2006 and is continuing to evolve. It has already delivered benefits but will take some time to achieve its full potential. In line with Government best practice our approach has widened its focus from individual projects to embrace “programme management” – the co-ordinated management of groups of related projects and activities. Currently the main limitation is a lack of reliable and consistent management information across all the disparate aspects the through-life approach seeks to unite. The Department also needs to ensure that the approach is not unduly complex. Through developing the necessary tools and techniques, the Department’s aim remains progressively to embed the through-life approach across Defence. This will encourage more effective and innovative solutions for providing military capability, and allow the Department to be responsive to changing circumstances.

## SECTION N - Change

### Capability Review Update

5.34 As part of the wider Civil Service Capability Review Programme, the second Capability Review of the MOD was published in March 2009. Overall, the Review found that the MOD had made considerable progress in clarifying roles and responsibilities, and engaging better with the rest of Whitehall. The Review acknowledged the progress made in strengthening the MOD's senior leadership team, and welcomed the work to produce an overarching strategy for the Department.

5.35 The Review also made some recommendations for further improvement, focusing on increasing the pace of change in implementing the Capability Review's findings and producing a Departmental strategy which could span operational and non-operational activities, aligning priorities with resources in both the medium and long-term. To address these recommendations, MOD committed to a number of actions:

- Build a stronger and more visible corporate leadership
- Develop an overarching strategy for the Department
- Redouble efforts to build capability in our civil servants
- Continue to streamline the Departmental head office and improve ways of working
- Further improve our relationships across Whitehall

5.36 Over the last 12 months the Department continued to take positive, practical steps across a wide spectrum of areas to pursue the commitments above, in particular:

- As one of our main priorities, the Department has continued our drive to improve the visibility and corporate nature of our senior leadership teams
- We have also driven forward on building capability in our civil servants. The MOD Civilian workforce strategy has been updated with a focus on Afghanistan, leadership and performance management
- MOD has now achieved a 25% reduction in Head Office, and we have worked hard to ensure performance does not suffer as a result
- We have continued to reach out to partners and stakeholders – working closely on Afghanistan with the Foreign and Commonwealth Office and the Department for International Development

5.37 In March 2010 the MOD underwent a one year assurance stock take by the Cabinet Office Capability Review team. The stock take was not a full Review but a targeted look at progress made so far on the above commitments. The Review team recognised that MOD has made good progress over the last 12 months, in particular in developing the senior leadership team, improving relationships across Whitehall, and developing the published Strategy for Defence and Green Paper 'Adaptability and Partnership: Issues for the Strategic Defence Review'. However, implementation of the SDSR provides a critical opportunity for the Department, and further progress can be made in changing the internal culture of MOD. The Defence Board is committed to continuing all of this work over the next year, both to embed the changes we have made so far, and to address the many challenges that remain.

## **Defence Change Portfolio**

5.38 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 programmes of change, 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.

5.39 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. During 2009-10, the Future Brize and Next Generation Estate Contracts programmes have joined the portfolio; they are described below.

5.40 The fourteen programmes within the portfolio are organised under four main headings; notable achievements during 2009-10 are as follows:

### **Departmental Infrastructure Processes**

- The **Defence Information Infrastructure (DII)** programme remains part of the portfolio and is described at paragraph 5.21
- 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. It supports a range of services that deliver a number of core capabilities for Defence, including travel, remote access to HR systems, collaborative working and e-purchasing. The latter capability automates the process of ordering, receipting, invoicing and payment authorisation for services and products supplied by our industrial partners. The volume of business processed through DECS continues to grow and is now in the region of £4Bn. Further expansion is planned to extend the provision of services, particularly remote access to HR systems which is of particular benefit to service personnel serving away from permanent MOD locations.
- The **Next Generation Estate Contracts (NGEC)** programme aims to identify the most cost effective mix of estate procurement contracts to meet the future needs of Defence, and to undertake their procurement to ensure that there is a seamless transition of service delivery from the current contracts to the new contracts. The current contracts due to be replaced include: five Regional Prime Contracts; two Northern Ireland contracts; a national Defence Training Estate contract; a national Housing Estate contract and the Single Living Accommodation Modernisation contract. NGEC is in its early stages, with focus during 2009-10 on planning and assessing options to be put forward for approval.

## People Processes

- 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, and delivery of joint capabilities. The Defence Medical Information Capability Programme has largely completed roll out to sites in the UK and Germany and started the roll out to ships and in Afghanistan during 2009-10. Following the completion of the new Medical headquarters building in late 2009, the collocated and streamlined Strategic Medical and Joint Medical Command headquarters moved to the West Midlands during the spring of 2010. Other activities during 2009-10 included: the establishment of a new Board structure and processes; the evaluation of potential suppliers' bids for the acquisition of a new Medical Training Centre; the endorsement and putting in place of a standardised healthcare governance system; and the development of a Public Health Team which will produce the first Annual Health Report later in 2010.
- 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 systems officers to helicopter and multi-engine pilots, and rear crew disciplines. During 2009-10, the combined Headquarters has been fully integrated and engaged in the incremental process of designing and acquiring the new system. With a number of aircraft procured and being converted, the first major outputs will be seen in autumn 2011 when the first Royal Naval Observer course commences on the new Beach King aircraft and Advanced Jet Training for fast jet pilots commences on the Hawk T2 aircraft.
- **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 2009-10, the programme continued dialogue with potential suppliers, working towards the identification of an information systems solution.

## Acquisition Processes

- **Whole Fleet Management (WFM)** is a change programme that will improve efficiency in the management of Land Environment and some other equipment for the next 25 years and beyond. WFM is being introduced incrementally. The first increment introduced quick wins such as Battery Management Systems and a limited amount of Controlled Humidity Environment (CHE) equipment into existing storage facilities. The second phase, Interim WFM (IWFM), introduced limited WFM for vehicle fleets within Land Forces' units. Finally, Tri-Service WFM (3WFM), expanding the process into the Royal Navy and RAF, is the third increment, which will be introduced between now and 2015. 3WFM is enabled by an IS system (the Joint Asset Management and Engineering System - JAMES) and the provision of CHE Storage. During 2009-10, the Land Training Fleet at Warminster reached its Full Operating Capability, and roll-out of JAMES 1 was completed.

## Management and Organisational Processes

- 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, manpower reductions, and potential disposal receipts. During 2009-10 work began to deliver refurbished office, catering and physical fitness facilities, due for completion in Spring 2010 and new Officers' Single Living Accommodation which is due to be completed by the end of year. The first phase of the physical relocation of staff to Andover began in early May 2010.

- The aim of the **Borona** Programme was 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. The Programme planned to move three major formations from Germany to the UK and the first of these, HQ Allied Rapid Reaction Corps, would see 1,000 UK and NATO military personnel moving with their families to Innsworth, Gloucestershire in 2010. Construction works have continued throughout 2009-10 to ensure that the necessary office, technical and housing infrastructure is in place when the headquarters arrives and this is nearing completion. On 16 July 2009 the Department announced that Beacon Barracks in Stafford was the MOD's preferred site for 1 Signal Brigade when it relocates from Germany, Cosford in Shropshire continues to be the MOD's preferred site for 102 Logistic Brigade and plans on the timing of the move of these two formations continue to be developed.
- Programme **Future Brize** was established in March 2009, subsuming and expanding upon the more narrowly-focussed Project CATARA (Centralisation of Air Transport, Air-to-Air Refuelling and Associated Assets). The aim of Future Brize is to develop RAF Brize Norton into the RAF's future strategic and tactical Air Transport and Air-to-Air Refuelling Main Operating Base and sole Air Port of Embarkation, that delivers excellence in rapid global mobility and offers greater capacity, flexibility and efficiency than current arrangements. This will involve the relocation of Units from RAF Lyneham to RAF Brize Norton and the closure of RAF Lyneham by 31 December 2012, with significant efficiency savings for Defence. Key milestones achieved in the last year include essential work to complete the new Aircraft Servicing Platform and high voltage electrical system at RAF Brize Norton, along with the start of the development of the new Single Living Accommodation on the Station. In addition, significant progress has been made on developing the necessary robust evidence to support the business cases for key infrastructure development at RAF Brize Norton.
- The **Streamlining** programme was designed to improve the way the MOD's Head Office works and reduce it by 25% (around 1,000 people, equivalent to some £50M), redeploying military personnel to front line posts and reducing the civilian headcount through natural wastage and the use of an Early Release Scheme. While Streamlining has achieved its target headcount reduction it has been necessary to create an additional 97 new posts, mainly to support current operations. The streamlined Head Office was launched in April 2009 and the Streamlining programme has spent the past year supporting the development of better ways of working. The programme team has delivered a suite of tools to business areas within the Head Office based around prioritisation, flexible resourcing and improving team performance.
- The **PACE** programme was launched in March 2008 to improve the effectiveness of DE&S support to the Armed Forces. It is scheduled to complete in March 2012. When the programme completes the size of DE&S will have reduced from around 29,000 staff in April 2007 to below 20,000 in 2012. PACE focuses the management of DE&S on a number of "Operating Centres", headed by Directors with the delegations, resources and

flexibilities needed to deliver their outputs. All PACE work streams support the establishment of these Operating Centres. A programme approach to delivering military capability and a new integrated business planning process improves the identification of business priorities. Flexible Resourcing provides better means to task and deploy staff against these priorities. This is in turn supported by collocation, which puts more staff in one place and facilitates efficiency and running costs savings. Improved leadership and skills, simplified processes, improved knowledge management and expert supporting services that respond to internal demand all contribute to more effective delivery. Good progress has been made to date: operating Centres are established as discrete business units; capability delivery programmes are established and making a difference; flexible resourcing is increasingly being used to focus resource on the highest priority tasks; increasing numbers of people hold professional qualifications for the roles that they have; a new integrated business planning system is in place; the new builds at Abbey Wood and Corsham are well on the way to completion and staff continue to move to Abbey Wood. PACE has also recently incorporated DE&S related elements of the Defence Acquisition Reform Programme. Overall PACE is on track and is a critical part of the Department's plans to improve acquisition.

- **Defence Intelligence Modernisation Programme** aims to address shortcomings in intelligence provision on recent operations through better decision support to national policy makers and operational commanders by enhancing their strategic insight and situational understanding. Complementing the provision of more effective outputs are efficiencies and safety improvements through estate modernisation and rationalisation. The establishment of the Defence Geospatial Intelligence Fusion Centre at Wyton lies at the heart of the Programme. Construction of the Wyton facilities began this year. The next generation IT systems it will host will enable greater collaboration and intelligence sharing within Defence and with the United Kingdom and coalition intelligence communities. Resource prioritisation decisions within MOD are likely to result in a delay of around 12 months to the delivery of the final operating capability.

5.41 We measure performance of the portfolio by six-monthly SRO self-assessments against a set of performance indicators (the same set used by the Office of Government Commerce for management of the pan-government Major Projects and Programmes portfolio). The 'delivery confidence' indicators for all programmes are aggregated into a single colour assessment for the overall DCP which is used to report to the Defence Board. Against the target of Amber/Green (some, but not significant deviation from target) the overall DCP was assessed as Amber in March 2010. The predominant factor affecting DCP performance was the budgetary pressure facing the MOD.