

ANNUAL REPORT ON THE NATIONAL SECURITY STRATEGY AND STRATEGIC DEFENCE AND SECURITY REVIEW

1. In the 2010 National Security Strategy, the Government made a commitment to publish an annual report of progress in implementation of the National Security Strategy and of the Strategic Defence and Security Review for the Joint Parliamentary Committee on the National Security Strategy. This is the second Annual Report.
2. The report first outlines the global context of security risks materialising since November 2011. Secondly, it describes activity under the priority thematic areas of the Strategic Defence and Security Review. Thirdly, it summarises progress in implementing the National Security Tasks and related measures including defence transformation. Finally, the report notes wider issues and sets out a summary of conclusions. In taking this overall approach, the report seeks to respond to JCNSS comments and recommendations with regard to the 2011 Annual Report by being both comprehensive and further enhancing transparency.
3. Of the 220 Strategic Defence and Security Review commitments, 24% are completed, 33% fully on track, and 35% satisfactory.

A. Global context of security challenges since November 2011.

4. The past year has seen the continuous evolution of security challenges facing the UK both domestically and internationally, including events in China, Russia, Europe and Iran. Regional conflict and instability in the Middle East and North Africa have persisted. Developments in the Arab Spring include civil conflict in Syria with potential implications for wider peace and stability in the region. Al Qa'ida and associated terrorists have exploited areas of Yemen, Somalia and other regions lacking effective governance, extending now into sub-Saharan Africa.
5. Domestically, the Olympic and Paralympic Games passed without serious incidents, reflecting the careful preparation and professionalism shown by all involved. Experience has continued to show, however, the importance of ensuring resilience against a broad range of risks and threats. These include persisting challenges to cyber security, to our borders, to our energy supplies, and those arising from organised criminal activity. Together, these highlight the importance of a cross-cutting and risk-based approach to national security.
6. The 2010 National Security Strategy identified a number of major risks which it was designed to address through the adaptable posture detailed in the Strategic Defence and Security Review. Types of risk were grouped into three tiers. The tiers and risk types are set out below with a summary indicating how far these risks materialised during the year. Although this report does not focus on economic risks to the UK, such risks do affect our security. Lack of economic growth in Europe, and uncertainty in the Euro-zone, may affect political stability in the EU's neighbourhood. And our ability to continue investing in our security and military capabilities will be shaped by the success of the British economy. As the rest of this report shows, HMG continues to work to reduce the underlying drivers

of all the risks that the National Security Strategy identified, whether they have materialised or not.

Tier one

- **International terrorism affecting the UK or its interests, including a chemical, biological, radiological or nuclear attack by terrorists; and/or a significant increase in the levels of terrorism relating to Northern Ireland.**

The threat in the UK from international terrorism remains “Substantial”. The threat from Northern Ireland Related Terrorism remains at “Severe” in Northern Ireland and “Moderate” in Great Britain.

- **Hostile attacks upon UK cyber space by other states and large scale cyber crime.**

Cyber attacks continue to cost the UK economy billions of pounds per annum and pose a significant National Security Threat. In response, a sustained national programme, now in its delivery phase, is transforming our understanding of the cyber threat and improving the UK’s cyber defences in parallel with greater investment from the private sector.

- **A major accident or natural hazard which requires a national response, such as severe coastal flooding affecting three or more regions of the UK, or an influenza pandemic.**

Severe weather and flooding has occurred in different regions but not to an extent requiring a national response.

- **An international military crisis between states, drawing in the UK, and its allies as well as other states and non-state actors.**

The crisis in Syria demonstrates the risk of escalating military activities that can cross borders. The UK has been at the forefront of international efforts to achieve a peaceful political solution to the crisis and in seeking to prevent instability to the wider region. Iran’s nuclear programme continues to develop in a direction that offers no assurance of Iran’s peaceful intentions. The UK, as part of a united international community response, is seeking a peaceful, negotiated solution strengthened by an unprecedented sanctions regime.

Tier two

- **An attack on the UK or its Overseas Territories by another state or proxy using chemical, biological, radiological or nuclear (CBRN) weapons.**

None.

- **Risk of major instability, insurgency or civil war overseas which creates an environment that terrorists can exploit to threaten the UK.**

Instability overseas, which has the potential to lead to terrorism or conflict affecting the UK, has increased over the year, although not universally. Most of these risks are focused in the Middle East and North Africa, South Asia and the Sahel where a confluence of transnational and internal country risk factors are driving instability.

- **A significant increase in the level of organised crime affecting the UK.**

Organised crime is a threat to our national security and costs the UK up to £40 billion per year. It is global in scope but local in impact, causing a large proportion of the crime on our streets. The latest law enforcement estimate is that there are approximately 7,500 Organised Crime Groups in the UK, comprising approximately 30,000 individuals. Organised crime groups are active across the whole of the UK and all regions are affected by organised crime in some form.

- **Severe disruption to information received, transmitted or collected by satellites, possibly as the result of a deliberate attack by another state.**

None.

Tier three

- **A large scale conventional military attack on the UK by another state (not involving the use of CBRN weapons) resulting in fatalities and damage to infrastructure within the UK.**

None.

- **A significant increase in the level of terrorists, organised criminals, illegal immigrants and illicit goods trying to cross the UK border to enter the UK.**

The Olympics and regional conflict (including in Afghanistan, Syria, Libya and Somalia) increased the potential threat to the security of our borders. However, for the Olympics, this was successfully mitigated by meticulously planned security operations, contingency arrangements and resilience of Defence and the Armed Forces, law enforcement, the security and intelligence agencies, and their partners both in the UK and abroad. And those systems continue to work to mitigate wider threats as a result of regional conflict.

- **Disruption to oil or gas supplies to the UK, or price instability, as a result of war, accident, major political upheaval or deliberate manipulation of supply by producers.**

Some volatility of oil price, but not leading to release of International Energy Agency oil stock. Gas – none.

- **A major release of radioactive material from a civil nuclear site within the UK which affects one or more regions.**

None.

- **A conventional attack by a state on another NATO or EU member to which the UK would have to respond.**

Recent incidents on the Turkey-Syria border demonstrate this risk continues to be important. The North Atlantic Council has discussed the situation and on 3rd October the UK and NATO members reaffirmed solidarity, demanding the cessation of all aggressive acts.

- **An attack on a UK overseas territory as the result of a sovereignty dispute or a wider regional conflict.**

Although Argentina has continued to challenge UK sovereignty of the Falkland Islands through diplomatic activity and measures designed to isolate the Islands and cause them economic damage, HMG continue to safeguard the rights of the Islanders to self-determination and there has been no military escalation, nor any change to the defensive posture we have maintained on the Falklands since the conflict in 1982.

- **Short to medium term disruption to international supplies of resources (e.g. food, minerals) essential to the UK.**

None

7. Some of these risks have materialised during the past year to varying degrees of intensity and with differing implications for the UK. Many have not materialised to any significant extent. The relative significance of these risks is evolving. The direct threat to the UK from international terrorism has diversified beyond countries such as Pakistan, Yemen and Somalia; and the direct threat to the UK's physical security from the actions of another state remains low. On the other hand, unconventional threats from state and non-state actors, in areas such as cyber and organised crime, have continued to grow. The various risks interact with and shape each other: for example, the risk of a regional conflict involving Iran affects the risk to our oil and gas supplies.

B. Progress in priority thematic areas

Building Stability Overseas Strategy (BSOS)

8. The tools to deliver BSOS are now in place and starting to deliver. We now have one classified HMG conflict risk assessment, which includes external challenge informed by non-governmental expertise, providing a priority list of countries where conflict and instability risks are high, UK interests are engaged, and UK action can make a difference. Our ability to respond rapidly has improved; £11 million has been committed from the new £20 million annual Early Action Facility, to support our Syria, Libya, Somali and Sahel policies. Reform of the Conflict

Pool is underway, to embed a results-based approach in line with BSOS and to implement recommendations from recent reviews by the National Audit Office and the Independent Commission for Aid Impact. The Stabilisation Unit (SU) will be re-located to the FCO following the recent review. In addition to its traditional role, the SU will now also support upstream conflict prevention. The Foreign Secretary has launched a new initiative to prevent sexual violence in conflict that will form a key element of the UK's G8 Presidency.

9. New governments in the Maghreb face major challenges in meeting the expectations of their people. Through the Arab Partnership we are supporting Arab-led efforts to build more open, prosperous and stable societies. We provided approximately £10 million of support across 10 different countries last financial year. Somalia's new federal national parliament and President will help give the people of Somalia a stake in their political future for the first time in a generation, helping take forward the outcomes from the London Conference.
10. Looking ahead we are now examining options for identifying immediate rising conflict risks, including using social media, and are increasing the amount of external challenge brought to bear on HMG's analysis.

Civil contingencies

11. In work to improve our preparedness to respond to Civil Emergencies, the Olympics have inevitably consumed considerable effort. Specific measures relating to the Olympic Games were introduced, not least a three-year programme working with host-venue areas ensuring they were ready to respond to a wide range of hazards and threats to the safety and security of the Games. Whilst these arrangements were not tested in anger, over 15 million people watched the Torch Relay as it travelled smoothly, despite some severe weather, and UK infrastructure responded well, especially transport, reflecting efforts to support business continuity planning.
12. Work continues to focus on the highest priority risks. Planning for unconventional terrorist attacks continues. Following the revised Pandemic Flu Strategy in November 2011, departments, businesses and communities have been updating their plans, to be tested in a major national Exercise in 2014. Work continues with partners testing preparedness to respond to a wide range of flooding incidents, building on the recommendations from Exercise Watermark in 2011. A dedicated programme has now been agreed, with joint leadership by the three emergency services, and sponsorship and funding from Ministers, to enhance joint working between the emergency services (interoperability). Ministerial commitment to this agenda has been fully reflected in strategic frameworks published for both the police and fire and rescue services.
13. To enhance the resilience of businesses, a 'Business Continuity for Dummies' guide has been published in cooperation with the Civil Contingencies Secretariat, providing an affordable and accessible tool for SMEs. For larger companies, Sector Resilience Plans, setting out risks and action being taken by sector, continue to drive improvements. The potential disruption as a result of tanker driver strikes provided Ministerial focus on this work. More generally, the wider

capabilities needed to respond to emergencies of all kinds continue to be monitored through the National Resilience Capability Programme, with a priority being placed on ensuring that organisational changes, e.g. to health structures, enhance the UK's resilience.

Border Security

14. Increased use of biometrics in support of asylum, visa and biometric residence permit applications provides tighter border controls to identify those who pose a threat to the UK. The Immigration and Asylum Biometrics System (IABS) programme successfully delivered the required capability for biometrics capture for Games Family Members at the 2012 Games and the deployment of mobile kit in support of data capture to all Ports. The Olympic Games period has seen successful cross departmental co-operation to maintain a secure border.
15. The use of technology and intelligence to check people and goods remains key to tackling the range of border security threats. Improvements in this area over the last six month period include a continuing increase in coverage of routes and data acquired by e-Borders. Since April 2012, e-Borders acquires 100% of data for non-EEA flights. From 25th July 2012, the implementation of the Nationality, Immigration and Asylum Act 2002 (Authority to Carry) Regulations 2012 and related Security Travel Bans Authority to Carry Scheme 2012, means that airlines required by law to provide data to e-Borders may be denied authority to carry to the UK specified foreign nationals who pose a terrorist threat. Direct Airside Transit Visas have also been introduced for Egyptian, Libyan and Syrian nationals in the last six months.
16. Work continues to develop the operational Border Policing Command (BPC) as part of the National Crime Agency (NCA), ahead of the formal creation of the NCA in late 2013. David Armond QPM has been appointed as Director Designate of the BPC, and the Shadow BPC has already improved joint working to common priorities across the agencies operating at the UK border.

Energy Security

17. Developments in international energy markets can have major implications for the UK's energy and economic security. This is becoming increasingly the case as our import dependency rises, notwithstanding our low carbon policies, due to the decline in North Sea oil and gas production.
18. This in turn exposes us to a number of risks. For example, global energy demand is rising, production capacity is limited, supply can be restricted and prices are volatile. These risks have been underscored by a number of continuing trends and events over the course of the year:
 - despite the uncertain economic outlook, long-term energy trends remain the same – the International Energy Agency (IEA) estimates that global oil demand could be 15% higher in 2035 and gas demand 54% higher;

- global spare oil capacity remains below the 5% comfort level. There continues to be uncertainty as to the extent to which the exploitation of unconventional gas outside the US will be sufficient to offset rising gas demand. But new finds of gas, e.g. in East Africa, may help in the longer-term;
- while there has been some progress on new supply routes (e.g. the opening of Nord Stream from Russia to the EU), we remain a long way from a fully liberalised global energy market, and events in North Africa and Iran remind us that even in the largely globalised oil market secure supplies are far from guaranteed;
- the last six months have seen considerable energy price volatility with oil prices fluctuating between \$89 and \$127. This has been due in part to tensions in the Middle East and an EU oil embargo against Iran. Despite the global economic slowdown, demand from oil intensive emerging economies has remained strong.

19. HMG continues to work to mitigate these risks in a number of ways:

- we promote low carbon technologies and energy efficiency (including through the removal of fossil fuel subsidies) to restrain rising oil and gas demand; for example, in 2012 the UK hosted the 2012 Clean Energy Ministerial;
- we encourage global investment in oil and gas production, and maximise UK commercial opportunities in doing so, through a range of bilateral relationships and multilateral initiatives. For example, the UK / Saudi Energy Dialogue in May 2012 was an opportunity to share analysis of oil markets. We have continued to work through the IEA to ensure robust analysis on investment needs and outlook;
- to ensure reliable supplies, we encourage greater liberalisation of energy markets, strengthened trading links and infrastructure – again working bilaterally and multilaterally. An IEA-coordinated release of strategic oil reserves remains our primary tool to combat a significant supply disruption to oil markets. G8 and G7 statements in May and August confirmed partners readiness to call on the IEA, if needed; and
- to enhance oil price stability, we continue to support producer / consumer dialogue and greater market transparency.

Cyber security

20. The profile of Cyber Security remains high: the Cyber Security Strategy (CSS), published in November 2011, established the Government's approach to realising the substantial social and economic benefits from the internet, whilst mitigating the threats it can harbour, particularly of organised crime, fraud, and espionage. The 'industrial scale' of threats to the integrity, confidentiality and availability of government information, as well as to academia and business, was emphasised in a speech by the Director General of the Security Service in June.

21. The strategy is shaping and driving work across Whitehall and beyond, led by a team in the Cabinet Office, with FCO guidance on the international dimension; this is now delivering real improvements in the UK's cyber security. For example, new cyber security incident response arrangements were put in place in advance of the Olympics; and Board level advice on cyber security was published and distributed to the largest UK companies in September. A full update on progress will be provided to Parliament on the first anniversary of the publication of the Strategy later this year.
22. In support of the Strategy, the National Cyber Security Programme (NCSP) has been running for 18 months and is now beginning to deliver the transformational cyber security capabilities it was set up to promote. For example, a public-private sector information and intelligence-sharing group has been established to respond to cyber security incidents; GCHQ has invested in new capabilities to identify and analyse hostile cyber attacks on UK networks; the Defence Cyber Operations Group (a specific Strategic Defence and Security Review commitment) has been established; increased capability in law enforcement has led to the recovery of 2 million items of stolen payment card details, and the suspension of around 18,000 websites; and the National Fraud Authority has delivered the first stage of an innovative cyber security viral marketing campaign that reached around 4 million individuals. Priorities for 2012/13 include sustaining delivery as investment ramps up, and achieving a greater awareness of the cyber security threat in the private sector and wider public.
23. The UK, through a joint Cabinet Office / FCO Team, is playing a key role in shaping international cyber strategy. This includes taking forward the Foreign Secretary's agenda at the 2011 London Conference on Cyberspace, into the follow up cyber conferences in Budapest 2012 and Seoul 2013. We also remain actively engaged across a wide range of international initiatives, in various fora including the UN, OSCE, and EU, to develop: international norms of behaviour; confidence building measures; global internet governance; improved cooperation on cyber-crime; and strengthened operational partnerships with countries critical to our cyber objectives and the reduction of harm to the UK.

Defence¹

24. On 15th May 2012 the Secretary of State for Defence announced that the Defence Budget had been successfully balanced, creating a Defence Equipment Programme that is based on firm foundations and allowing the Department to plan for the future with a much greater degree of certainty. This stable context brings clarity to significant resource allocation decisions, such as the one announced in February 2012 to purchase an additional C-17, and the decision to adopt the Short Takeoff Vertical Landing (STOVL) variant of Joint Strike Fighter (JSF) for aircraft carrier use. Overall we now have an Equipment Programme which will deliver the core programme required to reach our Future Force 2020 head mark with, for the first time, adequate contingency to protect that programme from emerging risks. We also have the financial headroom and the

¹ See also below section ix (paragraphs 134-136) on defence transformation.

flexibility to allow us to sequence our other procurement priorities in accordance with their operational priority rather than simply on the basis of their immediate affordability.

25. Work to implement Lord Levene's Defence Reform Review is well underway. A blueprint describing how the MOD will operate was published (internally) in December 2011 and a revised version was promulgated in August 2012. As part of this the new Joint Forces Command was established (Initial Operating Capability) in April 2012 and a new Head Office senior infrastructure announced in August 2012 – further elements of the operating model continue to be implemented.
26. The Defence Secretary announced the conclusion of the Army 2020 review in July 2012. This set out the vision for the future composition of the Army out to 2020 and beyond. Detailed design work is underway to enable its implementation. This is closely aligned to the implementation of Future Reserves 2020 and work to rationalise the Defence Estate.²
27. Progress is also being made on bringing in private sector expertise to help deliver better enabling services. On 1st March 2012 SERCO was awarded a 4-year management contract to take over leadership of Defence Business Services, driving forward efficiency savings. The Defence Infrastructure Organisation has conducted soft-market testing to explore prospective roles for the private sector, determine likely levels of interest from industry and review some of the commercial principles on which the private sector might be engaged. Subsequently, in May 2012 they issued a notice in the Official Journal of the European Union to invite industry to participate in the competition to become DIO's Strategic Business Partner. On 17th July the Defence Secretary announced to Parliament that work to consider options for the future of Defence Equipment and Support supported the strategic case for a Government-Owned Contractor Operated (GOCO) solution; further value-for-money work is under way.

Counter-terrorism

28. The threat level in the UK from international terrorism (mainly linked to Al Qa'ida of its affiliates) remains "Substantial", meaning that a terrorist attack is a strong possibility. The threat from Northern Ireland Related Terrorism remains at "Severe" in Northern Ireland and "Moderate" in Great Britain. These remain the principal sources of terrorist threat to the UK and its interests overseas. Although, according to the Security Service, Britain has experienced a credible terrorist attack plot about once a year since 2001, there has not been a successful Al Qa'ida-related terrorist attack in the UK in the last seven years. The numbers involved in terrorism in Northern Ireland are small but dissident groups have capability and lethal intent, as illustrated by the senseless killing of Prison Officer David Black on 1st November 2012. The threat from extreme right wing terrorism remains very low by comparison. Against this background, good progress continues to be made in implementing the SDSR commitments.

² See also paragraph 135(e).

29. Work continues to preserve the ability of the security, intelligence and law enforcement agencies to obtain communication data within the appropriate legal framework. The Communications Data Bill, published on 14th June 2012, includes measures enabling law enforcement and intelligence agencies to maintain access to vital communications data under strict safeguards. The Bill is undergoing pre-legislative scrutiny.
30. Prevention of terrorism work under the 'Prevent' work stream is being delivered in 28 local priority areas where local coordinators are implementing projects to address local risks. We have made significant progress in the roll-out of interventions in prisons and extended our work to support individuals vulnerable to radicalisation (Channel³) to cover all of England and Wales. The 'Workshop to Raise Awareness of Prevent' (WRAP) has been extensively used to improve awareness among front line staff of radicalisation across the education, health, prisons and probation sectors.
31. Under the 'Prepare' strand of CONTEST, in addition to those generic improvements listed under 'civil emergencies', to enhance our preparedness to deal with emergencies of all kinds, the Government has supported work by the emergency services to put contingency plans in place to respond to a terrorist firearms incident, including the development of national guidance on multi-agency procedures, equipment and training.
32. Overseas, the Government has continued to work closely with international partners to mitigate the threat posed by terrorist groups, in particular AQ and its affiliates. Much of this work has focused on building security and justice capacity within those countries seeking to contain a terrorist threat, drawing on the FCO's £36 million Counter-Terrorism Programme fund and supported by action undertaken through the EU, UN and the Global Counter-Terrorism Forum (GCTF). Defence continues to play a pivotal role principally through capacity-building projects in other countries across a spectrum of military competences. The FCO coordinated efforts to resolve terrorist kidnaps of British nationals and worked with the travel industry to raise awareness of areas where the risk of kidnap is high.

State Threats and Counter Proliferation

33. Overall progress on counter proliferation and state threats remains in line with the previous year, with progress steady in some policy areas while setbacks continue in others.
34. In October 2011 the Foreign Secretary outlined to Parliament a package of proposals from the review of Export Control Policy. Implementation is underway. Ministers now have increased oversight of export licence applications and a new mechanism is in place to suspend work on export licence applications to any country experiencing a sudden deterioration in security or stability.

³ "Channel" is a police-led, multi-agency partnership that evaluates referrals of individuals at risk of being drawn into terrorism, working alongside safeguarding partnerships and crime reduction panels.

35. The UK played a prominent role in increasing international support for an Arms Trade Treaty (ATT), through our work in the final preparatory meetings and our engagement with industry and civil society, ahead of the negotiations in July 2012. We were disappointed that those negotiations did not secure agreement on a treaty, but significant progress has been made. The UK and ATT Co-authors have now taken a Resolution to UN General Assembly First Committee to set the timings and modalities for a short conference in March 2013 to finalise work on the Treaty. The UK will continue to lead international efforts to secure an effective ATT, with the broad support of the UN Membership.
36. In September, we worked closely with the EU and delegations from affected states to secure consensus at the Review Conference of the UN Programme of Action on illegal small arms and light weapons, reaffirming existing commitments and agreeing on a number of modest but positive steps forward.
37. The UK's active negotiating position at the Seventh Biological and Toxin Weapons Convention (BTWC) Review Conference in December 2011 secured key objectives including a new substantive work programme for the inter-sessional period for 2012-2015 that includes annual reviews of science and technology and national implementation. We are contributing to meetings of the Open Ended Working Group in The Hague in preparation for the April 2013 Third Chemical Weapons Convention Review conference and are engaged with UK industry and civil society.
38. At the Nuclear Security Summit in March, the UK led a new initiative on improving the security of nuclear information, resulting in a commitment by 31 countries to additional, concrete actions to combat nuclear terrorism. We also announced significant achievements in international nuclear, chemical and biological security efforts through our Global Threat Reduction Programme of assistance for security improvements in the former Soviet Union, Central Asia and elsewhere.
39. We have continued to work closely with other Permanent Members of the Security Council to make progress across all three pillars of the Non-Proliferation Treaty. We have agreed with ASEAN the establishment of a SE Asian NW Free Zone. Alongside co-convenors the United States and Russia, we continued to provide close support to the Finnish facilitator for a Middle East Weapons of Mass Destruction (WMD) Free Zone Conference.
40. These developments should be noted alongside the continuing development of the Iranian nuclear programme, which remains a major risk to our overall objectives. We continue to work closely on this with the International Atomic Energy Agency (IAEA) and with the United States, Russia, China, France and Germany to put pressure on Iran to change course on their nuclear programme. The IAEA Board of Governors agreed, by an overwhelming majority, a resolution setting out in clear terms that the blame for lack of progress on resolving the issues over Iran's nuclear programme lay firmly at Iran's door. The resolution was co-sponsored by the UK with the United States, China, Russia, France and Germany.

Climate Change & Resource Competition: Security Impacts

41. This is a new area of work led by the FCO. The National Security Council agreed in November 2010 that there was a need to map out the national security risks posed by climate change, conflict and trade routes.
42. FCO-led Whitehall-wide analysis suggests that resource and climate stresses are already feeding into economic and security problems. A sustained surge in demand for natural resources, driven by the emerging economies, is triggering concerns about scarcities and price shocks. It is possible that we are at the edge of a structural shift in demand which will combine with worsening climate stresses to exacerbate economic and political fragilities and tensions. The global reach of trade, supply chains and commodity prices means developed countries – and the global economy - are being affected. This “stress nexus” of inter-linkages between climate change, access to supplies of key resources, and political and economic security is multiple and complex. We know that business is concerned, and that energy producers are already doing their own research into these issues. Working with others, we need to undertake more analysis about the economic and security costs of inaction, and formulate a Government and international response.
43. Given the global nature of trade, supply chains and commodity prices and the rapid economic growth of emerging economies, our interests are increasingly dependent on the choices other countries make, and these in turn are increasingly influenced by rising pressures on essential life resources (land, energy, water and food). Climate change is beginning to exacerbate this “resource squeeze”, increasing the risk of scarcities and price shocks and multiplying the economic and resource stresses that contribute to tensions and fragility within and between certain states. MOD research has concluded that climate change is one of four key issues – along with globalisation, global inequity and innovation – that will drive change throughout the world in the next 30 years. Different countries will face different challenges. But in a networked world we will all feel the effects.
44. Emerging FCO and MOD analysis has helped to shape a wider Government strategic awareness and response to climate and resource insecurity. There has been greater collaboration and joined up working across Whitehall. The DEFRA-led Material Resources Group has been strengthened and a new Natural Resources Working Group is being developed by DFID. FCO hosted a Climate and Resource Security conference at Lancaster House in March which focused on the emerging threat which climate change poses to global security and prosperity, along with the national and international policies needed to address that challenge. The conference produced practical recommendations aimed at moving global debate on and increasing the availability of analysis on climate and resource insecurity.
45. The FCO has also increased its liaison with the academic and business community, particularly given the latter’s increasing focus on the resource security stress nexus. Along with DECC and DEFRA the FCO took part in a round table hosted by DFID which brought government, business and civil society

together for a discussion on the nexus. This was followed up in October by two FCO hosted discussions, one with think-tanks organised by International Alert, and another building on the initial DFID roundtable. The FCO hosted a government and business roundtable with the International Energy Agency in Paris in November.

Serious Organised Crime

46. 'Local to Global', the Government's Organised Crime Strategy was published in July 2011 with cross-government, agency and law enforcement support. Progress has been made in a number of areas since the last up-date to Parliament, as set out below, and we aim to publish a refreshed strategy in early 2013.

- Work is well underway on the 'Restricted' 2012/13 up-date to the UK Threat Assessment of organised crime (UKTA). There are approximately 7,500 Organised Crime Groups in the UK, comprising approximately 30,000 individuals. The National Intelligence Requirement, seeking information to enhance still further our knowledge of the threat from organised crime, was published in June 2012 and will be updated shortly after the next UKTA is published.
- A clearer strategic approach to working with overseas partners against organised crime threats has been developed, including plans formulated through the UK-United States Organised Crime Contact Group, which has met on several occasions since its inaugural meeting in January 2010. By the time of publication, a UK-led Organised Crime and Terrorism conference will have been held in London with a view to exploring how these two threats relate to one another and whether there is scope to target capabilities against them jointly. This conference follows a successful United States-organised event in Washington in June, and will be attended by governmental and law-enforcement representatives and academics including partners from the United States, the 'five eyes' community and the EU.
- Threat Reduction Boards (TRBs) continue to develop and gain maturity, bringing wider engagement of partners and increasing confidence that threat is being addressed. Wider assurance arrangements have also matured and are informing future NCA assurance design, ensuring an aligned approach to threat reduction.
- The organised crime research strategy, Future Directions, was published by the Home Office in December 2011. This sets out a framework for scientists in government, industry and academia to discuss and identify shared priorities, and help support the government and partners to effectively tackle organised crime. An online forum (the 'Organised Crime Virtual Research Network') was launched in April 2012 to encourage dialogue between government, industry, academics and law enforcement researchers and analysts.

47. A key priority for effectively tackling serious, organised and complex crime is the establishment of the National Crime Agency, which is progressing well. Further detail is provided in Section C (iv) paragraphs 80-82 below.

C. Overall progress with national security tasks and transformation.

48. The National Security Strategy set out the major goals of ensuring a secure and resilient UK and of shaping a stable world. The Strategic Defence and Security Review (SDSR) detailed the various ways and means designed collectively to deliver these goals. This approach has for the first time enabled reporting in a comprehensive and structured format.

49. Chart 1 illustrates the trends in implementation of all 220 commitments made in the Strategic Defence and Security Review as assessed at six monthly intervals since 2010. This uses a simple colour-coded “traffic-light” system ranging from blue denoting “completed / delivered” through to black meaning “extremely problematic”.

50. Over the past two years, much has been achieved: the Government has steadily put into effect the commitments made. As with any programme of this ambition and scale, there are areas where implementation has faced a variety of challenges.

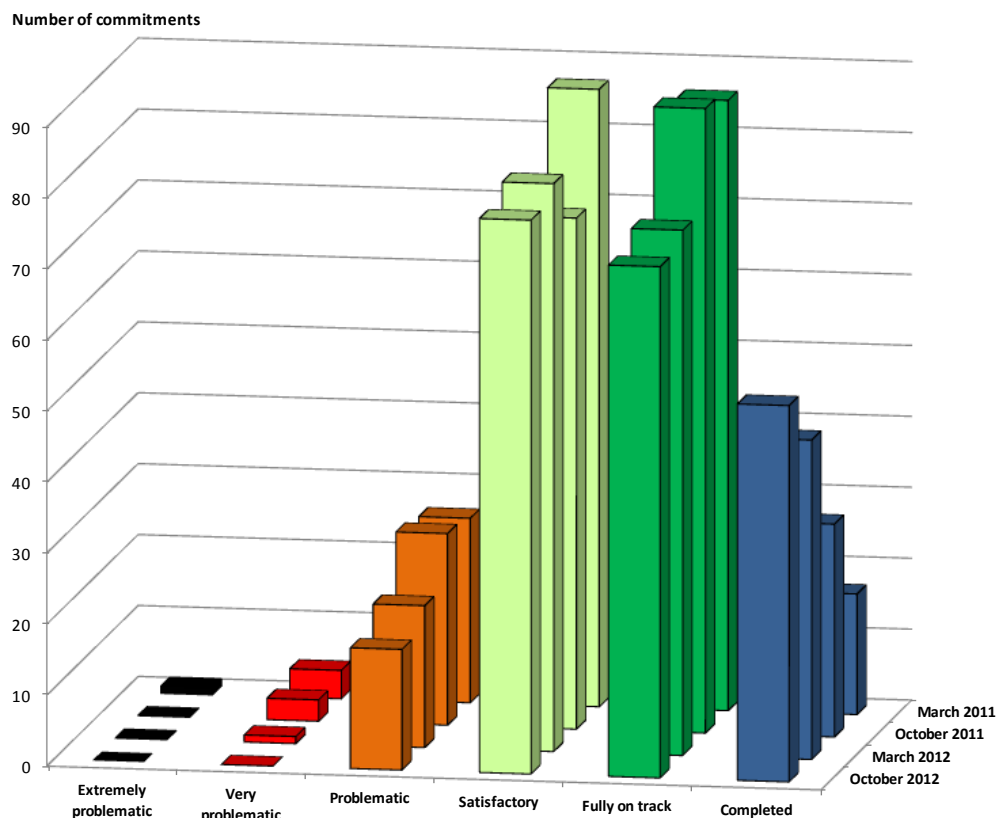


Chart 1: Progress in implementation of Strategic Defence and Security Review commitments as assessed at six-monthly intervals since October 2010.

National Security Strategy core objectives: To ensure a secure and resilient UK by protecting our people, economy, infrastructure, territory and way of life from all major risks that can affect us directly; and to shape a stable world by acting to reduce the likelihood of risks affecting the UK or British interests overseas, and applying our instruments of power and influence to shape the global environment.							
Task 1: To identify and monitor national security risks and opportunities.			4	4	3	1	12
1a. A coordinated approach to early warning and horizon scanning			1		1		2
1b. Strategic intelligence on potential threats to national security and opportunities for the UK to act				1			1
1c. Coordinated analysis and assessment of the highest priorities			1		2	1	4
1d. Investment in technologies to support the gathering of communications data vital for national security and law enforcement				1			1
1e. Intelligence assets to support the core military, diplomatic and domestic security and resilience requirements set out below, and our economic prosperity			3	1			4
Task 2: Tackle at root the causes of instability.			0	4	2	3	9
2a. An effective international development programme making the optimal contribution to national security within its overall objective of poverty reduction, with the Department for International Development focusing significantly more effort on priority national security and fragile states					1		1
2b. Civilian and military stabilisation capabilities that can be deployed early together to help countries avoid crisis or deal with conflict				3	1	1	5
2c. Targeted programmes in the UK, and in countries posing the greatest threat to the UK, to stop people becoming terrorists				1		2	3
Task 3: Exert influence to exploit opportunities and manage risks.			1	5	8	4	18
3a. A Diplomatic Service that supports our key multilateral and bilateral relationships and the obligations that come from our status as a permanent member of the UN Security Council and a leading member of NATO, the EU and other international organisations				2	3		5
3b. A Foreign and Commonwealth Office-led global overseas network that focuses on safeguarding the UK's national security, building its prosperity, and supporting UK nationals around the world				2	1	1	4
3c. Coordinated cross-government effort overseas to build the capacity of priority national security and fragile states to take increasing responsibility for their own stability						1	1
3d. Strategic military power projection to enhance security, deter or contain potential threats, and support diplomacy			1	1	4	2	8
Task 4: Enforce domestic law and strengthen international norms to help tackle those who threaten the UK and our interests, including maintenance of underpinning technical expertise in key areas.			1	11	2	5	19
4a. Law enforcement capability to investigate and where possible bring to justice terrorists and the most seriously harmful organised criminal groups impacting on the UK			1	6	1	4	12
4b. Continuous development of the rules-based international system				3			3
4c. Stronger multilateral approaches for countering proliferation and securing fissile material and expertise from malicious use				1	1	1	3
4d. Retention of our chemical, biological, radiological and nuclear science and technology capabilities that contribute to counter-proliferation and our response to the potential use of such materials by terrorist or state actors				1			1
Task 5: Protect the UK and our interests at home, at our border and internationally, to address physical and electronic threats from state and non-state actors.			3	16	7	8	34
5a. A minimum effective nuclear deterrent				1	2	1	4
5b. Secure borders			2	4	2	1	9
5c. Security and intelligence services and police counter-terrorism capability to disrupt life-threatening terrorist threats to the UK						2	2
5d. Military capabilities to help protect the UK from major terrorist attack			1	1		1	3
5e. An independent ability to defend the Overseas Territories militarily						1	1
5f. Investment in new and flexible capabilities such as cyber to meet emerging risks and threats				10	3	2	15
Task 6: Help resolve conflicts and contribute to stability. Where necessary, intervene overseas, including the legal use of coercive force in support of the UK's vital interests, and to protect our overseas territories and people.			1	4	4	6	15
6a. An integrated approach to building stability overseas, bringing together better diplomatic, development, military and other national security tools				2	1	1	4
6b. Armed forces capable of both stabilisation and intervention operations			1	2	3	4	10
6c. A civilian response scaled to support concurrency and scale of military operations						1	1
6d. The military ability to help evacuate UK citizens from crises overseas							0
Task 7: Provide resilience for the UK by being prepared for all kinds of emergencies, able to recover from shocks and to maintain essential services.			2	8	6	4	20
7a. Security and resilience of the infrastructure most critical to keeping the country running (including nuclear facilities) against attack, damage or destruction						1	1
7b. Crisis management capabilities able to anticipate and respond to a variety of major domestic emergencies and maintain the business of government				3			3
7c. Resilient supply and distribution systems for essential services			2	5	2	2	11
7d. Effective, well organised local response to emergencies in the UK, building on the capabilities of local responders, businesses and communities					3	1	4
7e. Enhanced central government and Armed Forces planning, coordination and capabilities to help deal with the most serious emergencies					1		1
Task 8: Work in alliances and partnerships wherever possible to generate stronger responses.			3	14	10	1	28
8a. Collective security through NATO as the basis for territorial defence of the UK, and stability of our European neighbourhood, as well as an outward-facing EU that promotes security and prosperity			1	6	4		11
8b. Our contribution to international military coalitions to focus on areas of comparative national advantage valued by key allies, especially the United States, such as our intelligence capabilities and highly capable elite forces			1	4	3		8
8c. Greater sharing of military capabilities, technologies and programmes, and potentially more specialisation, working with key allies, including France, and based on appropriate formal guarantees where necessary			1	4	3		8
8d. A Defence Industrial and Technology policy that seeks to secure the independence of action we need for our Armed Forces, while allowing for increased numbers of off-the-shelf purchases and greater promotion of defence exports						1	1
Defence transformation			1	10	22	12	45
SDSR implementation oversight, reporting and revision			1	2	8	9	20
Overall Red/Amber/Green progress status figures	0	0	17	78	72	53	220

Table 1: Progress with National Security Tasks (and planning guidelines), defence transformation and Strategic Defence and Security Review implementation oversight: total number of Strategic Defence and Security Review commitments in progress status categories as assessed in October 2012.

51. The Strategic Defence and Security Review set out eight National Security Tasks (sub-divided into specific planning guidelines) which reflect the risks and related challenges facing the country. It also specified the means with which these would be addressed. It is important to note that some capabilities (as for example those in the Defence field) can apply across a varied range of Tasks and underpinning activities.
52. For October 2012, Table 1 shows progress towards the eight national security tasks (and planning guidelines), along with defence transformation measures and the processes introduced for Strategic Defence and Security Review implementation oversight. The Table shows the total number of commitments in each progress category, colour-coded as in Chart 1. Some Tasks are essentially **on track** in that more commitments are judged either fully on track or completed than otherwise. This is the case for tackling the root causes of instability, exerting influence to exploit opportunities and manage risks, and helping to resolve conflicts and contribute to stability. It is also the case for defence transformation and SDSR implementation oversight.
53. The picture for other tasks is more **mixed** in that a majority of commitments face issues requiring action and so have been judged either satisfactory or problematic. This is the case for identifying and monitoring national security risks and opportunities, enforcing domestic law and strengthening international norms, protecting the UK and our interests, and working in alliances and partnerships. Commitments on UK resilience are distributed in such a way that there is no majority balance of progress rating towards either “on track” or “mixed”.
54. Progress in achieving each task is limited by the factors which constrain successful implementation of specific commitments. Such factors include some which are difficult or impossible for the UK to influence directly, for example international oil price volatility, the Cyprus / Turkey issue, and falls in defence spending among allies. In other cases, the longer term nature of some work programmes (Army 2020, international Cyber Security), the state of play in Afghanistan, and challenges of reaching agreement in UNSC and EU fora illustrate the substantive challenges which the country necessarily faces in an uncertain world.
55. The following sub-sections provide further detail on progress with the Government’s priority commitments for each National Security Task and for defence transformation. Progress with Tasks is rated as either essentially “on track” or more “mixed” using the definitions given in paragraphs 52-53.

i. Identify and monitor national security risks and opportunities

56. HMG’s priority under this task has been in the field of **Counter-Terrorism**. The priority commitment was to introduce a programme to preserve the ability of the security, intelligence and law enforcement agencies to obtain communication data within the appropriate legal framework. These data have played a critical role in every major terrorism investigation over the past decade.

57. The Government confirmed its intention in the Queen's speech on 9th May to bring forward measures to maintain the ability of the law enforcement and security and intelligence agencies to access vital communications data under strict safeguards, subject to scrutiny of draft clauses. The draft Communications Data Bill was published on 14th June. A joint committee of both Houses is undertaking pre-legislative scrutiny of the Bill and is expected to report by 30th November. The Intelligence and Security Committee is conducting a parallel inquiry into the Bill, looking in particular at issues where there may be sensitivities relating to national security and where it will not be possible to take evidence in public.
58. Following the Committee's reports, we will seek cross-Government clearance to introduce this legislation into Parliament in early 2013, aiming for Royal Assent by early 2014.
59. HMG undertook to review the **National Security Risk Assessment** every two years. The first review is expected to be concluded in the near future, two years after the 2010 National Security Strategy was published with the results of the first NSRA. A cross-Whitehall process has already commenced, led by the Risk Assessment team in the Cabinet Office's Civil Contingencies Secretariat. Departments have worked together to identify the most pressing risks to national security which might materialise over a five and 20-year horizon, and to assess the risks based on their relative likelihood and relative impact as judged against the objectives of the National Security Strategy published in 2010.
60. As the 2010 National Security Strategy said, a significant contribution to the NSRA is made by the National Risk Assessment, which weighs the risks of emergencies and is used to promote resilience at a local and national level. The National Risk Assessment is updated every year, as are planning assumptions that enable work to build resilience and emergency preparedness.
61. The overall rating for this Task, taking account of all commitments, is "mixed" as defined in paragraph 53.

ii. Tackle at root the causes of instability

62. Failed or fragile states provide an environment conducive to terrorism; therefore HMG's priorities for this task cover both Building Stability Overseas and Counter-Terrorism.
63. There are two priorities under the **Building Stability Overseas Strategy** (BSOS). The first has been to move the government's efforts to upstream conflict prevention. To achieve this, the government has improved its Early Warning Analysis; created an Early Action Facility (EAF) of £20 million per annum and increased the number of Conflict Pool projects that look to deliver outcomes that support upstream conflict prevention. Over the last year the government has reviewed both the risks and the conflict mitigation strategies for a number of countries. This Financial Year the EAF has already committed £11 million to support Government policy in Libya, Syria, Somalia and Niger. We have also for the first time introduced multi-year funding for Conflict Pool programmes in

recognition of the fact that effective conflict prevention strategies sometimes need to take longer to deliver results.

64. The other BSOS commitment is to increase to 30% the proportion of UK Official Development Assistance (ODA) that supports fragile and conflict-affected states by 2014/15, doubling the amount we spend on such activities by the end of the Spending Review period.
65. DFID's allocation process, following the Bilateral Aid Review, will ensure that the Spending Review commitment for 30% of ODA to be directed to conflict-affected and fragile states by 2014/15 will be met. Scenario planning, and the ability to respond flexibly to changing circumstances, in terms of the choice of partners, instruments and objectives, will be critical. Circumstances on the ground, particularly in the most difficult contexts, will be constantly monitored by DFID Ministers.
66. The **Counter-Terrorism** priority under this task has been to review our most sensitive and controversial CT and security powers. The conclusions of the Review were announced by the Home Secretary in January 2011. Work is well progressed to implement the review's recommendations. Changes to terrorism stop and search powers, pre-charge detention and local authorities' use of powers under the Regulation of Investigatory Powers Act 2000 have been implemented through the Protection of Freedoms Act 2012. The recommendations to replace control orders have also been completed following the passage of the Terrorism Prevention and Investigation Measures Act which received Royal Assent in December 2011.
67. The overall rating for this Task, taking account of all commitments, is "on track" as defined in paragraph 52.

iii. Exert influence to exploit opportunities and manage risks

68. HMG's priorities under this heading lie in defence and in regional / country strategies (which also concern structural reform and implementation).
69. The National Security Strategy set out our goal to bring together and use all the instruments of national power in a coordinated and coherent manner, and so ensure the sum of our efforts is greater than its component parts. The UK **International Defence Engagement Strategy**, to be published shortly, recognises the contribution that our defence assets and capabilities can make in support of the National Security Council's priorities. Looking out over a 20 year horizon it seeks to identify both the major risks that we will face and opportunities that we will have, and sets in place the means by which we can best use our Defence Engagement, together with other tools. The strategy will guide the global allocation of defence assets and activities so that we can develop the relationships we need with existing and new defence partners.
70. The National Security Council (NSC) has balanced operational oversight with strategic direction-setting on **foreign policy issues** of national security interest. This adaptable approach has meant that the Council has been able to make key

strategic and tactical decisions, for example the on-going work on Syria, whilst also looking at long-term strategic issues such as key bilateral relationships such as those with India and China. The NSC has also facilitated consolidation and development of the UK's relations with key Emerging Powers, e.g. in Latin America and South East Asia, including through its Emerging Powers (EP) sub-committee.

71. Internationally agreed rules, standards and norms reduce barriers to trade and investment, improve the business environment and give firms confidence to enter markets. The Prime Minister's **Global Governance** report produced at the end of 2011 initiated work to encourage countries which are becoming more active on the global economic stage to work with the rules-based international economic system.
72. The FCO has established a comprehensive programme of work to communicate **commercial diplomacy** both to staff and the business community; and it has devised a business engagement strategy for the FCO, identifying approximately 350 priority British companies to relationship-manage to different degrees. FCO Ministers and senior managers are developing stronger and more open relationships with these companies, listening to their views on the challenges they face and how the FCO can help, and amending our strategy in response. FCO, UKTI and BIS work closely to ensure we are offering a joined-up service to business. As part of this strategy the FCO launched a Charter for Business in 2011, which set out how the FCO can help businesses, whether they are exporting overseas or looking to invest in the UK. A key element of the Charter is offering timely, relevant and accurate advice on risks to business. Our Overseas Business Risk service provides information about some of the risks firms, particularly SMEs, may face overseas. The aim of the service is to help British companies understand security and business risks in over 90 overseas markets.
73. Efforts to enhance FCO staff skills in commercial diplomacy have continued apace; since June 2011 FCO has trained around 400 staff. Training is being rolled out to the FCO's global network and tailored training is being offered to FCO directorates in the UK. FCO also launched a business placement scheme (BPS) for Ambassadors. Before they take up their position, we encourage all Heads of Post to spend some time working in a business which operates in their host country to broaden their understanding of the needs of businesses and to build key relationships.
74. Working closely with UKTI, FCO has developed a new strategy to ensure that posts without a UKTI presence get support in delivering prosperity objectives. As a result, some twenty posts in Africa, Asia-Pacific, Central Asia and Latin America already, or will soon, have a UKTI or FCO locally engaged member of staff to identify business opportunities in their markets and help UK companies to exploit them. We will shortly be launching a toolkit to help smaller posts assist UK businesses in their local markets and we are working with UKTI to ensure that any new opportunities identified are effectively followed up.

75. The FCO network has also stepped up its work promoting the UK economy overseas. Working jointly with UKTI, HMT and BIS, FCO is making economic briefing more focused and accessible for use at posts. FCO ensures that posts receive timely briefing on key economic and commercial announcements and measures to help build the UK's economic reputation so that the key points can be shared with local media, opinion formers and key decision takers.

76. The overall rating for this Task, taking account of all commitments, is "on track" as defined in paragraph 52.

iv. Enforce domestic law and strengthen international norms to help tackle those who threaten the UK and our interests, including maintenance of underpinning technical expertise in key areas

77. HMG's priorities for this task lie in serious organised crime, and in counter-proliferation and arms control.

78. The priority for **organised crime** has been a new Organised Crime Strategy and to establish a National Crime Agency.

79. The **Organised Crime Strategy** was published in July 2011 – progress against the strategy is covered at paragraph 46 above.

80. Significant progress with the **National Crime Agency** has been made. In particular, Keith Bristow QPM was appointed Director General of the NCA in December 2011. As the first head of the agency, he is shaping the operational design and build, and brings experience of leading organised crime investigations at both force level and nationally. Trevor Pearce, Peter Davies and David Armond have been appointed to Director Designate roles for Operations, CEOP and Border Policing Command respectively.

81. The Crime and Courts Bill, which provides the legal basis for the creation of the NCA, was introduced into Parliament in May and has completed Committee stage in the Lords. A senior Joint Implementation Team (JIT), chaired by Keith Bristow and made up of key operational partners, has been set up to oversee the delivery of the NCA and transition precursors.

82. Keith Bristow is leading work on the core design and operating model for the agency, which is making good progress in establishing the parameters of the NCA architecture. A number of interim steps to strengthen the approach to tackling organised crime and to prepare for the NCA have been taken and further work is underway. These include:

- Agreeing a detailed NCA blueprint for the design and operating model of the Agency with operational colleagues
- Establishing the Organised Crime Coordination Centre (OCCC) - the forerunner for the NCA's intelligence hub – which is up and running and producing operational assessments and de-confliction reports.

- Driving forward multi-agency work on economic crime threats through the multi-partner Economic Crime Coordination Board (ECCB), including through operational “proof of concept” work and developing an intelligence gap analysis.
- Establishing the Shadow BPC which has already improved joint working to common priorities across the agencies operating at the UK border.
- A detailed blueprint for the new NCA’s National Cyber Crime Unit.
- Transitioning a number of functions that fit with the NCA’s national crime fighting remit, from the NPIA into the NCA via SOCA.
- Continuing to ensure that the NCA design and build is affordable, and supported by the right HR, IT and estates strategies.
- A clear set of statutory arrangements for sharing intelligence.
- A clear set of statutory arrangements for mutual exchanges of operational support with forces.
- A set of tasking arrangements defined in law, with legal provisions designed to underpin mutual support between the NCA and its partners, and the NCA’s ability to lead and coordinate the overall response to serious and organised crime.

83. Work on **counter-proliferation and arms control** has been supported by a new funding mechanism. This brings together a number of departmental level programme budgets and other resources allocated to counter proliferation activities. It is on track, and will continue to be monitored closely by the Cabinet Office / Counter Proliferation Community to ensure that it is closely aligned to counter-proliferation policy priorities.

84. The overall rating for this Task, taking account of all commitments, is “mixed” as defined in paragraph 53.

v. Protect the UK and our interests at home, at our border and internationally, to address physical and electronic threats from state and non-state actors

85. HMG’s priorities for this task lie in several fields.

86. Delivering a safe and secure **Olympic and Paralympic Games** has been a top priority for the Government. The Olympics and Paralympics passed successfully and without notable incidents, reflecting the careful preparation and professionalism shown by all involved.

87. In **Counter-Terrorism**, one priority (in addition to that noted under task ii paragraph 66 above) has been to maintain core capabilities in counter-terrorism

policing while introducing efficiency savings. We continue to work with the police to identify efficiency savings through greater prioritisation of policing efforts. We have preserved the ring-fenced funding (£564 million for 2012/13) of CT policing capabilities, whilst reviewing infrastructure and staffing within the national network of regional police counter-terrorism hubs. This has identified efficiency savings in back-office functions and through sharing best practice, as well as new processes to allow efficient deployment of staff across the network. Core CT policing capabilities are also covered by the scope of the Strategic Policing Requirement published in July which, in line with the National Security Strategy, identifies terrorism as one of five main threat areas and sets out the national arrangements needed to protect the public. Chief constables and the new police and crime commissioners must take account of these, making sure that their police forces provide an effective contribution, alongside those of other partners.

88. A second Counter-Terrorism priority has been to enhance the UK's response to a terrorist firearms attack. Major enhancements to the police response have successfully been delivered. For example, firearms officers now have access to higher calibre weapons, with new tactics and training to deal with this type of incident; additional police firearms capacity is now in place in major cities and police firearms officers received additional specialist Olympic-related training. The Home Office has also worked with MOD to deliver a faster military response to a firearms attack in the UK. We have improved the ability of the emergency services to manage casualties during an ongoing attack by providing additional training and equipment to specialist police, fire and ambulance teams in priority areas across the country.
89. Under the **Prepare** strand of CONTEST, the Government has asked the emergency services to set up a new programme to improve their ability to respond to any major or complex incident. Our emergency response is already among the best in the world. However, particular challenges arise from dealing with a fast-moving incident, particularly where there is on-going threat to life. This work, known as the Joint Emergency Service Interoperability Programme, is building on national guidance for the multi-agency response already developed for use in response to CBRN and marauding gun attacks. It will focus on joint police, fire and ambulance doctrine for co-operating at the scene of an incident, joint training and exercising, and improving communications to ensure a common understanding of the situation.
90. A third priority has been to develop a new strategic approach to tackle the threat from **terrorism related to Northern Ireland**. There are still a very small number in Northern Ireland who reject the Good Friday Agreement; they favour violence and reject democracy. The threat from Northern Ireland Related Terrorism remains at "severe" in Northern Ireland. In October 2012, the threat level from Northern Ireland Related Terrorism was reduced to "moderate" in Great Britain. The Government continues to adopt a strategic approach to tackling this threat. We will continue to support the Police Service of Northern Ireland (PSNI) to ensure it has the resources to bring those involved in attacks against the Northern Ireland community to justice. We have been making positive progress – excellent co-operation between PSNI and its partners including An Garda Síochana, has put violent dissident republicans under strain. However, the lethal

intent and capability of these individuals and dissident groups remain high, as illustrated by the senseless killing of Prison Officer David Black on 1st November 2012.

91. A priority for **border security** has been to adopt a stronger and more focused cross-departmental approach to improving aviation security overseas. This is delivering targeted investment in international capacity building, to strengthen aviation and border security capabilities in key countries overseas. Complimenting this, the aviation security reviews have delivered additional security measures overseas; for example, the UK was instrumental in establishing the new EU air cargo screening regime, which came into effect in early 2012 and significantly enhances the security of the UK.
92. Work is ongoing to strengthen **aviation security** arrangements for passengers and cargo. We are implementing the inbound EU cargo regime, to ensure high risk cargo is effectively screened. The Security and Travel Bans Authority to Carry Scheme came into force on 25th July and other coordinated work continues on passenger screening and checks to strengthen border security
93. In the field of **cyber**, a priority has been to introduce a transformative National Cyber Security Programme, supported by £650 million of new investment over the next four years (see above paragraphs 20-23). The programme governance arrangements have evolved to reflect the shift from the definition phase to the delivery phase of the programme. A review of the NCSP in March ensured that the NCSP remains aligned with the new Cyber Security Strategy.
94. The overall rating for this Task, taking account of all commitments, is “mixed” as defined in paragraph 53.
- vi. **Help resolve conflicts and contribute to stability; where necessary, intervene overseas, including the legal use of coercive force in support of the UK’s vital interests, and to protect our overseas territories and people**
95. HMG’s priorities for this task centre on building stability overseas and on defence.
96. The **Building Stability Overseas Strategy**, published on the 19th July 2011 under a joint Ministerial statement by the Foreign Secretary, together with the International Development and Defence Secretaries. This was the first published cross-Government strategy to address conflict issues. The year 2012 has seen continuing joint work by FCO, MOD and DFID to implement the strategy (see above paragraphs 8-10).
97. In 2001 **Afghanistan** was used by international terrorists as a launch pad for attacks. The presence of international troops has reversed this and the terrorist threat to the UK from this region has been reduced. As international troop levels begin to reduce, the Afghan security forces will continue to work to prevent the return of international terrorists, working alongside the international community. Development and governance go hand in hand with security in creating the conditions for peace. The Afghan government's ability to provide services to its

people is key to building a secure Afghanistan resilient in the face of violent extremism.

98. Helping Afghans to achieve this required a strategy that focused not only on security, but also on development and civil society. The UK strategy is to build Afghan governance and security forces to the point where they are able to determine their own future, protect their own citizens and, with international support, are able to deny haven to terrorists who would threaten global security. This strategy has three pillars:

- building sustainable and sufficiently capable Afghan National Security Forces (ANSF) which can protect the population, resist the insurgency and deny international terrorists safe haven;
- building a viable Afghan state, which can increasingly meet its population's needs from its own resources; and
- supporting Afghan-led efforts to make progress towards a sustainable political settlement.

99. The Bonn Conference in December 2011 reinforced the International Community's commitment to support Afghanistan beyond 2014 by agreeing to the need for: long-term economic and fiscal support; devise a clear funded plan for the ANSF; guiding principles on the reconciliation process and its outcome; reinforce the outcomes of the Istanbul Conference; and support the Afghan Government's commitment to reinvigorate progress on development and human rights.

100. The UK's long-term commitment to Afghanistan was set out in the Enduring Strategic Partnership Document signed on 28th January 2012. This will last well beyond 2014. At the NATO Chicago Summit in May 2012 the international community reaffirmed its commitment to support Afghanistan's security forces after 2014. The UK announced our contribution of £70 million per year. In addition UK troops will support the development of the Afghan National Security Forces by providing training at the new Afghan National Army Officer Academy. At the Tokyo Conference in July 2012 the international community agreed on-going development support for the next five years, in return for strong commitments from the Afghan Government to continue reforms. \$16 billion in total was pledged until 2015 and there was also agreement to sustaining support through 2017 at or near levels of the past decade. The UK will maintain our current development assistance of £178 million a year until 2017 to help Afghans tackle extreme poverty, create jobs and achieve sustainable economic growth.

101. The groundwork for transition, ANSF training and work to improve governance and development in Afghanistan, is now coming to fruition. Afghan security force now lead 40% of conventional operations. Transition to full Afghan security responsibility is on track to be achieved by the end of 2014. We will continue to support Afghanistan's long-term development beyond 2014.

102. In the last year, successive International Atomic Energy Agency (IAEA) reports have confirmed the possible military dimensions to **Iran's** nuclear programme. It is clear from the Agency's latest report that Iran's nuclear programme continues to develop in a direction that offers no assurance of Iran's peaceful intentions. There was overwhelming support for the 13th September 2012 IAEA Board of Governors' Resolution which sent a clear message to Iran that it must urgently address the international community's serious concerns about its nuclear programme. HMG's response is part of a united international community response – we are seeking a peaceful, negotiated solution and are applying unprecedented pressure on Iran to bring one about.
103. Our twin-track approach involves:
- engagement with Iran on the basis of a generous package of beneficial proposals from the E3+3 (UK, United States, France, Germany, Russia and China) to reach an agreement; and
 - pressure, including through the toughest sanctions to date, to persuade Iran to negotiate seriously. Sanctions are having an impact. They brought Iran back to the negotiating table and have made it difficult for the Iranian government to pursue its nuclear programme. And the regime is increasingly concerned by the prospect of economic instability as sanctions bite.
104. The scale of Iran's current nuclear programme has no plausible civilian justification. A nuclear-armed Iran would bring the risk of a nuclear arms race and further conflict throughout the region; and the international system for preventing nuclear proliferation – the Non-Proliferation Treaty – could unravel. Iran must negotiate seriously; it must match our good faith. Until it does, the pressure is necessary and we will work with international partners to intensify such pressure. While we remain committed to diplomacy all options remain on the table. Parliamentarians backed the Government's approach in a vote in the House of Commons on 20th February, with a majority of 285 to six votes.
105. The violence in **Syria** has escalated significantly over the past year, with growing use of heavy weaponry and air attacks by the Syrian government on civilian areas. The Syrian government has openly acknowledged it has a developed Chemical Weapons programme and there is growing evidence of extremist elements operating inside Syria. These combine with Syria's porous borders and role in regional power politics to pose a risk to regional and international security. The UK has been working with regional partners to assist with capacity building to deal with the potential threat and to enhance border security.
106. The UK has played a leading role in seeking an end to the violence and a transition to a stable, more democratic Syria. We have pushed for tough EU sanctions to cut off the regime's access to finance. We endorsed the Geneva Communiqué, which set out UN and Arab League Joint Special Envoy's plan for a political process to end the violence. Unfortunately, the UN Security Council has been unable to put its full weight behind these efforts and Russia and China have vetoed three Security Council Resolutions which sought to pressure the

Syrian regime to end the violence. In the absence of international unity, our efforts are focused on: creating the conditions for political transition, including through support to the opposition; increasing pressure on the regime; supporting justice for victims of human rights violations and abuses; providing humanitarian aid, as the second largest bilateral donor; and planning how the international community can assist a future Syrian government.

107. The situation in **Libya** has changed significantly over the last year. Following the fall of the Qadhafi regime and the death or arrest of its key members (Muammar Al-Qadhafi, Saif Al-Islam Al-Qadhafi and Abdullah Al-Senussi), political transition has proceeded within the time scale set out in a Constitutional Declaration of August 2011. A Transitional Government led by Prime Minister Al-Kib from November 2011 to July 2012, started the process of re-building government Ministries, registering revolutionary fighters, and re-starting oil and gas production, which is back to near pre-conflict levels. With international support from the UN Support Mission in Libya, the UK and others, the Libyan authorities organised successful national elections – the first in over 40 years with a turnout of 62% and 15% of the 200 seats going to women - and, despite the proliferation of weapons, elections were held largely free from violence.
108. Whilst the political transition remains on track, there continue to be very significant challenges. The new President of the National Congress was elected in August; however, the first Prime Minister-elect failed to form a Government and on 14th October the new Prime Minister Dr Ali Zidan was elected, and had until the end of October to secure the National Congress' support for his government. Throughout the period, sporadic fighting has broken out in towns across Libya in response to regional, tribal, historic and economic grievances. Tensions are particularly high in the east and south of Libya with a number of attacks focused on the international community in Benghazi, including an attack on HMA Tripoli's convoy in June 2012 and the tragic death of the US Ambassador, in an appalling attack on the US Consulate in September 2012. In October, following a National Congress decision to arrest 'criminal and pro-Qadhafi elements' in Bani Walid, militia forces launched an attack on the town. The UK has made clear our concern for the civilian population and the importance of Libyan forces adhering to international human rights standards. The new Libyan government, when appointed, will need to act quickly to assert the state's authority and counter the development of extremist groups, disarm or integrate armed non-state groups and ensure a state monopoly on security. It will also need to take urgent steps to minimise the drivers of conflict, by reaching out to all groups across Libya, taking decisions to deliver improvements in public services and economic activity, building up national security structures and managing the widespread proliferation of arms.
109. The UK has been at the forefront of providing a range of political encouragement and technical assistance to support the Libyan authorities' efforts to build a stable, open and prosperous state that upholds the rule of law and human rights. In the security sphere, our efforts have focused on advising the Ministries of Interior and Defence on strategic reform, management of arms and the integration of former revolutionary fighters. A joint UK-United States team traced and destroyed a large number of Man Portable Air Defence Systems

(MANPADS) and the Royal Navy and Royal Air Force have begun to build partnerships with the Libyan armed forces. The UK has offered a full range of additional technical assistance and support to the new Prime Minister to help improve security, revitalise the economy and build the institutions essential for delivering stability.

110. The security, economic and humanitarian situations in **Yemen** remain fragile. A political transition, unique in the region, is edging forward but remains delicate and complex. The UK is supporting the process of transition. We co-chair the Friends of Yemen group and have co-ordinated donor support for Yemen. Yemen-based Al Qa'ida in the Arabian Peninsula (AQAP) continues to threaten UK interests both at home and overseas. AQAP also pose a significant threat to stability in Yemen and the wider region. Since his election in February 2012, President Hadi has demonstrated a commitment to re-establishing security by removing violent extremism in Yemen. Despite President Hadi's success against AQAP, continuing to tackle the threat from AQAP remains our top priority. Their intent and capability to carry out attacks is clear, regardless of the number of losses they continue to suffer. Aviation security remains of particular concern to us, as demonstrated by the most recent foiled aviation bomb plot in May this year. The UK continues to support the Government of Yemen's efforts including to increase aviation security by providing X-ray machines, which have been installed at Sana'a Airport.
111. The UK's primary objective in **Somalia** is to seek a lasting political solution that will bring peace and security to the country, and reduce threats to the UK. Insecurity and violence have been the norm in Somalia for too long. Millions of people are still suffering from the humanitarian crisis, and piracy and terrorism emanating from Somalia are significant threats to the UK and our international partners. The London Conference on Somalia on 23rd February 2012, chaired by the Prime Minister, aimed to agree a new international approach to Somalia which would step-up efforts to tackle both the root causes and effects of the problems in the country. The conference achieved concrete outcomes on security, piracy, terrorism, humanitarian assistance, local stability, the political process and international coordination. Since the conference, some progress has been achieved: the number of successful pirate attacks has been reduced and AMISOM has made further gains against Al Shabaab. We continue to work with Somalia and its neighbours to build their capacity to tackle the terrorist threat, in a manner compliant with human rights. Politically, there has been significant progress. The political transition in Somalia ended on 10th September with the election by Parliament of a new President, Hassan Sheikh Mohamud. This was a significant moment for Somalia, and an important step towards a renewed political process. The coming months and years will be critical for Somalia's transition to democracy. Somalia's leaders must now work together to build a more representative and transparent system, tackle corruption and strengthen security and stability. The UK will continue to support Somalia's people and leaders, so that Somalia can fulfil its potential as a peaceful, inclusive and prosperous nation.

112. Last year, the UK allocated nearly £80 million towards humanitarian assistance in Somalia. Separately we have a comprehensive DFID programme worth £250 million over four years supporting peace-building and governance, creating economic opportunities, improving access to basic services, and humanitarian needs. Last year, the UK contributed £16 million to AMISOM. On 26th September, the Foreign Secretary announced an additional £10 million to help the new government of Somalia with its immediate needs. Given the priorities set by the new President, we envisage this will go towards better governance, increasing the capacity of government institutions, building links between our parliaments, helping resolve constitutional issues, continuing to sponsor the discussions between Somalia and Somaliland that began in the UK in June, giving support on security and justice, and developing a free media. On 3rd October, the Development Secretary announced a DFID programme of £38.3 million over three years to improve the core functions of the Government of Somalia to provide security and justice, public financial management, and local governance for service delivery and public sector management. The programme will provide support to all zones of Somalia.
113. Following a *coup d'état* in March 2012 when rebel Tuareg groups, some with close links to Al Qa'ida in the Islamic Maghreb (AQ-M), declared northern **Mali** independent, there have been reports of foreign fighters travelling to northern Mali from Nigeria, Egypt, Libya, Somalia and Yemen. AQ-M's presence in Mali poses a long-term strategic threat to the EU and to the UK homeland. The conflict in Mali has exacerbated chronic food shortages that have affected nearly 20 million people in the Sahel, including more than 4.6 million people in Mali itself.
114. The UK has been supporting a regional response to the crisis and is working through the UN and the EU to galvanise international support. The UK is also using our longstanding counter-terrorism relationships with countries across North and West Africa, as well as with key international partners, to counter the threat from AQ-M and other ideologically aligned groups. In October 2012, the Prime Minister appointed Stephen O'Brien MP as his Special Envoy to the Sahel to bring added coherence and urgency to the UK's approach. We have contributed £58 million through bilateral and multilateral channels (£25.4 million bilateral) in response to the humanitarian crisis in the Sahel, including Mali. UK aid is providing humanitarian support across the region to 1.6 million men, women and children in 2012.
115. On **defence**, work on an implementation plan for the delivery of Army 2020 is closely aligned to the implementation of Future Reserves 2020⁴.
116. The overall rating for this Task, taking account of all commitments, is "on track" as defined in paragraph 52.

⁴ For the purposes of Table 1 assessing progress against National Security Tasks, the defence transformation commitment on the Future Reserves 2020 is noted under item 6(c) on a civilian response scaled to support military operations; see also paragraph 135(e).

vii. Provide resilience for the UK by being prepared for all kinds of emergencies, able to recover from shocks and to maintain essential services

117. HMG's priorities for this task concerned civil emergencies, energy security, and space security.

118. On **civil emergencies**, HMG aimed to change the relative focus of civil emergencies work upon the top three risks, including by reinforcing measures to improve preparedness for these risks. As indicated in paragraphs 11-13 above, work continues to ensure CCS bespoke programmes focus on the top three priority risks of unconventional terrorism, pandemic flu and flooding.

119. On **energy security**, HMG continues to work to mitigate the risks posed by developments in international energy markets in a number of ways (see also paragraphs 17-19 above): by promoting low carbon technologies and energy efficiency; by encouraging global investment in oil and gas production; by encouraging greater liberalisation of energy markets, strengthened trading links and infrastructure; and by enhancing oil price stability by continuing to support producer/consumer dialogue and greater market transparency, including through the International Energy Forum (IEF). These measures will not remove the risk of significant price volatility, but can help to mitigate some of the drivers of it and encourage discussion of potential responses.

120. On **space security**, HMG is working to establish a National Space Policy which will identify and promote commercial opportunities for the UK. Part of this over-arching policy will include management of any security risks and vulnerabilities through a coherent space security policy. The over-arching Space Policy should be published this year.

121. Taking account of all commitments under this Task, these are equally distributed between those "fully on track" or "completed" (therefore "on track" as defined in paragraph 52) and those "satisfactory" or "problematic" (therefore "mixed" as defined in paragraph 53).

viii. Work in alliances and partnerships wherever possible to generate stronger responses

122. HMG continues to see **NATO** as the bedrock of our national defence. The Chicago Summit in May delivered a number of agreements aimed at developing the capabilities that NATO needs to meet its core remit, in a time of austerity. Allies agreed a Defence declaration and Defence Package which laid out a number of multi-national capability development projects to be taken forward by key nations. Allies also declared 'Interim Capability' for NATO's ballistic missile defence programme. HMG will continue to seek efficiency and effectiveness in NATO capability development as a priority.

123. The Chicago Summit also saw a meeting between Allied Heads of State and Government and NATO's key partners who make significant contributions to

Alliance operations. Allied Heads of State or Government met representatives of Australia, Austria, Finland, Georgia, Japan, Jordan, Korea, Morocco, New Zealand, Qatar, Sweden, Switzerland and the UAE. HMG will continue to support NATO's work with key partners and others as a way of fostering dialogue, sharing expertise and improving its ability to operate with those outside of the Alliance.

124. Our alliance with the **United States**, built on a common understanding and shared values, runs through all of our security objectives. We work with the United States on a wide range of priorities, and there are examples of such cooperation throughout this report (working bilaterally and in multilateral fora on Libya and Syria; counter-proliferation issues such as establishing a Middle East WMD Free Zone or coordinating efforts on Iran's nuclear programme; and wider issues such bilateral work on combating serious organised crime). March 2012 also saw the Prime Minister pay a highly successful bilateral visit to Washington which reinforced UK-US cooperation on a range of issues, from development and defence, to cyber security and counter-terrorism.
125. HMG's priority under this task has been to intensify our security and defence relationship with **France**. The UK-France Summit took place in February 2012. There continues to be good progress on all aspects of our defence relationship, including on development of the Combined Joint Expeditionary Force and on the hydrodynamic test facilities for ensuring the safety and stability of the UK's nuclear deterrent (Project TEUTATES). The French defence White Paper later this year will help inform the priorities for the development of the defence relationship over the next few years.
126. The **UN Security Council** has been very active over the past 12 months and played a vital part in ensuring an effective multilateral response to on-going crises with the UK taking a leading role in a wide range of business. In Libya, the UN has been active in supporting the country after the removal of Qadhafi. On a number of issues, the UK has combined its role on the Council with direct support to the countries in question, including re-convening and playing a leading part in the Friends of Yemen grouping, ensuring a successful donor conference raising \$6.4 billion in pledges for Yemen, and hosting the London Somalia conference.
127. The Council has, however, been unable to find unity on the crisis in Syria, failing to adopt a resolution three times despite strenuous UK efforts, alongside French and United States allies. The divisions at the Council did not create the necessary conditions inside Syria to allow UNSMIS to carry out its duties effectively. As a result, the UN Secretary General decided UNSMIS had to withdraw most of its staff from Syria. Nevertheless the UK remains fully committed to supporting the Joint UN and Arab League Special Representative for Syria, Lakhdar Brahimi, in his work towards a political settlement between the parties to the conflict.
128. In **Africa**, the Council continues to support efforts in bringing the Sudans together in dialogue in order to avert a wider escalation, and in Somalia international focus has been maintained and been instrumental in ensuring the transition continues. Looking at the new challenges presented by Mali, the

political support from the Council is allowing an effective regional response to take shape.

129. HMG continues to work through the **Organisation for Security and Co-operation in Europe** (OSCE) as a forum for comprehensive dialogue and political agreements encompassing all areas of security; directly linking hard security issues such as arms control, with soft security issues of human rights and democracy. The UK supported adoption of Decisions at the OSCE Vilnius Ministerial Council (December 2011) to strengthen the OSCE's response capability on crises and conflicts (early warning, early action, dialogue facilitation and mediation support, and post-conflict rehabilitation), and to extend OSCE engagement with Afghanistan on issues where the organisation has unique expertise. We also supported up-dating the Vienna Document, which promotes greater transparency and trust among OSCE participating States through information exchange, verification and notification of military activities. The UK remains at the forefront of States pushing for further progress on this issue, as well as encouraging States, through the OSCE, to fulfil their national obligations on UN Security Council Resolution 1540 on combating the proliferation of WMDs.
130. HMG has been working in partnership with **EU** Member States, the European Commission and the European External Action Service to strengthen our efforts to resolve the crisis in Syria, leading targeted sanctions against the Syrian regime and its close supporters and providing humanitarian support to hundreds of thousands of Syrians both internally and refugees in neighbouring countries. HMG has also worked closely with European Partners to increase the pressure on Iran to open up its nuclear industry to effective international scrutiny. HMG work, in line with the Building Stability Overseas Strategy (BSOS), to encourage greater EU emphasis on upstream conflict prevention is ongoing. This includes improved early warning systems, and basing responses on analysis, in line with New Deal commitments endorsed at Busan in November 2011.
131. The demand for **European CSDP** missions is increasing and the EU is becoming a leader in being able to initiate and deliver timely, integrated stabilisation activity. The UK has played its part, including through hosting the headquarters element of Operation ATALANTA at Northwood, contributing to other missions and by helping ensure CSDP mission planning and delivery is as effective and cost effective as possible. The UK has supported the launch of three new CSDP missions to: counter piracy off the Horn of Africa; provide security at Juba airport; and counter terrorism and organised crime in Niger. Further work to encourage improved CSDP coherence with other EU activity is on-going.
132. As a clear demonstration of UK values, HMG has continued to strongly support **international criminal justice**. We have done this both through our financial, political and practical support to the international courts and tribunals and also the work we have done to challenge impunity and press for accountability for the most serious of international crimes. The Foreign Secretary's speech "International justice in a networked world" in The Hague on 9th July set out our position clearly.

133. The overall rating for this Task, taking account of all commitments, is “mixed” as defined in paragraph 53.

ix. Defence Transformation

134. The MOD continues to implement the recommendations made by Lord Levene in his 2011 review of the department that forms the basis of **Defence Transformation**.

135. Of note, significant progress has been made over the last year to address transformation within the Armed Forces. Headlines, since the last report, include:

- a. **HMS Illustrious** is on track for decommissioning in 2014.
- b. Work to build two Queen Elizabeth-class **aircraft carriers** is on-going. Following the decision announced on 10th May 2012 to opt for the STOVL rather than Carrier Variant Joint Strike Fighter (LIGHTNING II), and although significant challenges remain, the programme is moving to become on track overall. We took delivery of our first test aircraft in July of this year and we expect the first production aircraft to be delivered to us in 2016, with flying from HMS Queen Elizabeth to begin in 2018, after her sea trials are complete.⁵
- c. The second of seven **ASTUTE** class submarines began sea trials in September 2012. In addition, in March 2012 a refuel and refit contract was confirmed for HMS Vengeance.
- d. Four Military Afloat Reach and Sustainability (MARS) tankers were approved in February 2012 to replace the existing single hulled Royal Fleet Auxiliary tankers. These are expected to enter service from 2016.
- e. The MOD announced the conclusion of the **Army 2020 review** on 5th July 2012. This set out the vision for the future composition of the Army out to 2020 and beyond, creating a smaller, integrated and more flexible army than at present, as set out in the Strategic Defence and Security Review. Work is now underway to design an implementation plan for the delivery of Army 2020. This work is closely aligned to the implementation of Future Reserves 2020⁶, under which Reserve Forces will be an integral and integrated element of our Armed Forces. Over the next 10 years an additional £1.8 billion will be invested in the Reserve Force. Tangible improvements are already being seen. We will deliver Reserve Forces that are better resourced, better equipped, better trained and more capable.

⁵ For the purposes of Table 1 assessing progress against National Security Tasks, the defence transformation commitment to build two Queen Elizabeth-class aircraft carriers is noted under item 3(d) on strategic military power projection.

⁶ See also paragraph 115.

- f. Measures to rationalise the Army's **armoured vehicle fleet** were agreed in 2011 and funding for an Armoured Vehicle programme including upgrades to Warrior Armoured Fighting Vehicle and the assessment phase of SCOUT SV has been confirmed.
- g. In addition, over £2.8 billion has been invested to provide for protected and armoured vehicles for our deployed forces. This significantly improves the levels of protection afforded to mounted troops. More recently, an additional purchase of Foxhound Light Protected Patrol Vehicles was announced, bringing the total to 376. The first of these vehicles arrived in Helmand Province in June 2012 and have been successfully used on operations across the region.
- h. The MOD plans to spend more than £10 billion on **helicopter capability** over the next 10 years. This includes the purchase of an additional 14 CH-47 Chinook helicopters (announced in July 2011), the upgrade of the successful Apache attack helicopter to maintain their capability until 2040, and the life extension of the Puma support helicopter. In addition, funding has been agreed for the assessment phase for work to sustain Merlin Mk3 helicopters, in particular for maritime operations.
- i. **RAF** developments include a review of JSF manpower to reflect the decision to adopt the STOVL variant LIGHTNING II and Tornado drawdown has been advanced by two years, to a 2019 out-of-service date, with Typhoon development and force growth due to meet the deadlines of Future Force 2020.
- j. Tristar drawdown is on track, although an extension of four months (to March 2014) has been agreed to help mitigate the Strategic Air Transport / Air-to-Air Re-fuelling gap. A330 Voyager, which is already operating in the Air Transport role, is due to take up the refuelling task next year. The purchase of two BAE-146 aircraft this year will bolster the C130 Hercules force in the Air Transport role, providing safe movement of troops on Op HERRICK. Additionally, in May 2012 an eighth C17 was delivered to the RAF, which is already supporting global operations and will be ready to deploy in support of Op HERRICK by March 2013. Work continues to bring A400M Atlas and Air Seeker into service in 2014.
- k. In addition, we plan to use resources available in-year to support, amongst others, the purchase of additional weapon stocks, advanced airborne target designation pods, and Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) to support contingent operations.
- l. The MOD continues to take forward work to rebuild and formalise an **Armed Forces Covenant**. The Armed Forces Bill, enshrining covenant principles in law, received Royal Assent on 3rd November 2011. An interim annual report was published in December 2011. The first statutory report is expected to be published shortly.

- m. Work is underway to develop a **New Employment Model** which provides updated Terms and Conditions of Service for Service Personnel. The Stage I report was considered by the Defence Board in September 2012 and future direction agreed. The programme is now progressing towards Stage II which will undertake detailed design work and consultation with Service personnel and their families. It will include the development of detailed remuneration and home purchase options for subsequent Defence Board endorsement.
- n. The MOD remains on track to **reduce the numbers of military and civilian personnel** by 2015, including decreasing the RN by c.5,000, Army by c.7,000, RAF by c.5,000, and reducing the MOD Civil Service by over 25,000 personnel. Over 14,000 civilians left the Department between April 2010 and March 2012; more than 6,000 of whom left under the Voluntary Early Release Scheme Tranche 1 (VERS 1). A further 3,250 civilians are expected to have left by September 2013 under the terms of VERS2. VERS 1 and 2 should therefore account for nearly half of the 21,000 civilian personnel expected to have left the Department between April 2010 and 31st March 2013. The three Services have significantly reduced numbers of personnel and expect to meet fully departures agreed by 2015. Almost 2,000 Armed Forces personnel had left MOD by 31st March 2012 under Armed Forces Redundancy Programme Tranche 1. Tranche 2 is underway. Subsequent tranches are planned for the Army's redundancy programme. This reflects the outcome of the 3 Month Exercise and Planning Round 12 that requires regular Army fully trained strength to reduce to some 82,000 by 2020 as part of an overall land force of 120,000. This position is also reflected in Army 2020.
- o. Plans to deliver savings of £900 million over the next 10 years under the **Submarine Enterprise Performance Programme (SEPP)** are being taken forward. A SEPP Benefit Realisation Plan has been issued and the Joint (MOD / Industry) Programme Office continues to mature and build confidence in the SEPP benefits. The signing (March 2012) of Memoranda of Understanding with both BAES and Rolls-Royce were key milestones for the programme. These commit BAES and Rolls-Royce to the principles of Foundation Contracts and to their proportion of the SEPP benefits.
- p. Work to deliver **non-front line savings** of at least £4.3 billion over the Spending Review period is underway. A mixed progress rating reflects the complexity in calculating savings across the Department. A number of mitigation measures have been put in place: the MOD Finance Director has been appointed as Senior Responsible Officer (SRO) and a supporting Governance Board has been set up. SROs have been allocated for each of the savings measures and a tracking process has been developed to mitigate risk of savings erosion. The closure of Planning Round 12 has allowed us to take stock of savings made in the last year and to conclude programming of savings for the remainder of the Spending Review period.
- q. The rationalisation of the **Defence estate** continues, including the sale of surplus land and buildings, including £350 million of running cost savings per year and decision on future use of Kinloss and two other bases which will no longer be used by the RAF. The Defence Infrastructure Organisation (DIO)

has established a team to take forward the Basing Optimisation Programme (BOP), while a range of other basing / estate rationalisation programmes continue to be taken forward and supported. Work on the delivery of the BOP is on-going. Initial moves take advantage of spare capacity in UK sites being vacated by the Air Force to return units from Cyprus and Germany, thereby allowing the closure of German facilities. While work continues on Army 2020, the DIO is undertaking a series of capacity studies on sites⁷. The outcome of this work will be estate and cost data on the current infrastructure which will inform how we best accommodate additional units. This information will form part of the evidence informing future decisions on the lay down of Army units post Army 2020. In addition, the proposed Infrastructure Footprint Strategy will assess how DIO can best deliver a cohesive, resilient estate that is well utilised and aligns with the operational needs of Future Force 2020.

- r. Work to return our personnel in **Germany** to the UK is on-going. We remain on target to return 100% by 2020. As we update our plans to incorporate the new Army 2020 design, our assessment is that we are on track to achieve around 50% by 2015, though finalising this number is dependent on a number of other MOD change programmes and the concurrent return of manpower and materiel from Afghanistan and Germany exacerbates the challenge. The Defence Board is monitoring progress closely.
- s. The Successor **Deterrent** Assessment Phase was approved in Spring 2011, at a cost of £3 billion. This approval covers a programme of work to Main Gate in 2016 including the design of the submarine platform, where £700 million has been invested to date. The Successor programme remains within the 2006 White Paper costings and is on track to deliver the future Deterrent Capability in 2028. Additionally, a £1 billion investment has been made in a new facility to build reactor cores for our future submarine fleet.

136. The overall rating for this Task, taking account of all commitments, is “on track” as defined in paragraph 52.

D. Wider issues.

Operational coordination and implementation

137. The **Cabinet Office Briefing Rooms** (COBR) provide a mechanism for co-ordinating decision-making and emergency response across Government, and were used extensively in this crisis response role. In addition, COBR was utilised as the main operations centre for co-ordination of central Government’s support for the Olympics Games. This enabled the effective management and communication support across a range of government departments, police and defence specialists with the organisers of the Games.

⁷ Included in the Defence Secretary’s announcement of July 2011.

Diplomatic network shift

138. The FCO is continuing significantly to strengthen its **diplomatic network**, deploying more staff to the fastest growing regions, up-grading existing posts and opening new ones. In total we plan to open or up-grade up to 21 new Embassies, consulates or trade offices by 2015 and to deploy around 300 extra staff in more than 20 countries.
139. In addition to the six planned new or re-opened embassies included in last year's Report (South Sudan, Kyrgyzstan, Cote D'Ivoire, El Salvador, Madagascar and, when security circumstances allow, Somalia), the Foreign Secretary has announced plans this year to open embassies in Haiti, Laos, Liberia, Paraguay and a new British Interests Section in Naypyitaw in Burma. We have also opened new Consulate-Generals in Brazil (Recife) and Canada (Calgary). In India we have opened a Deputy High Commission in Hyderabad, have plans to open another in Chandigarh and are in negotiation to open five new trade offices.

Scotland

140. The UK Government's position is clear: **Scotland** benefits from being part of the UK and the UK benefits from having Scotland within the UK. The UK Government is confident that the people of Scotland will choose to remain part of the UK, and is not planning for any other outcome. It is for those advocating independence to explain the nature and implications of an independent Scotland; it is the policy of the UK Government to maintain the integrity of the existing UK and we are supporting that position with evidence and analysis. Without knowing what a future independent Scottish Government's approach to defence would be we cannot predict what the implications would be for defence of the UK or for defence of an independent Scotland.⁸

Conclusions

141. The Government remains committed to the strategic goals of ensuring a secure and resilient UK and of shaping a stable world. The approach taken in implementing the 2010 National Security Strategy and Strategic Defence and Security Review is evidence-based, and draws on the best available expertise and scientific advice on the emergent risks facing the country. It provides an efficient way both to identify priority security challenges and to allocate scarce resources to addressing them in a targeted manner. The biennial National Security Risk Assessment and wider work on horizon-scanning will, where they identify significant changes in risk profile, necessarily inform the continuing implementation of the nation's adaptable posture.

⁸ The House of Commons Defence Committee published in September 2012 *Defence implications of possible Scottish independence. Written Evidence*, which contains further details of the Government's approach.

142. The Government's implementation of the 2010 National Security Strategy and Strategic Defence and Security Review is on track in the majority of areas: of the 220 Strategic Defence and Security Review commitments, 24% are completed, 33% fully on track, and 35% satisfactory. As is to be expected in a process of such magnitude and complexity, numerous challenges remain which the Government is committed to tackling.

143. Looking ahead, HMG is now starting preparatory work towards the 2015 National Security Strategy and Strategic Defence and Security Review. This process will, in turn, stimulate wider collective reflections on the UK's future national security in the light of lessons learned from applying the 2010 National Security Strategy through the ways and means detailed in the Strategic Defence and Security Review.