MINISTRY OF DEFENCE

Ministry of Defence

Defence Plan

Including the Government's Expenditure Plans

2008 - 2012

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2008 - 2012

Presented to Parliament by
The Secretary of State for Defence
By Command of Her Majesty

June 2008

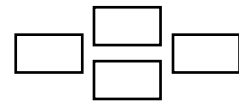**Cm 7385**   **£13-90**

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Foreword

from the Secretary of State for Defence
Rt Hon Des Browne MP

Defending the UK and its interests is a huge responsibility. In many cases it means helping to bring peace and stability to many countries across the world; acting as a force for good. This Plan sets out the Defence objectives for the current, and next three, financial years. It reflects the outcome of the 2007 Comprehensive Spending Review which continued the longest period of sustained real increases in Ministry of Defence (MOD) expenditure in almost three decades.

Our over-riding priority in conjunction with other Government departments and the international community is;

To support the Government in achieving strategic success in current operations, particularly in Iraq and Afghanistan.

We are committed to a high tempo of operations, and will remain so throughout the period covered by this Plan. Our success in this effort is down to the men and women who make defence happen, who continue to rise magnificently to the challenges of the high operational tempo and the difficult and dangerous campaigns being fought in Iraq and Afghanistan. In this Plan we set out much of the work that is underway to continue to support the men and women of the Armed Forces, including the continuing investment in housing and accommodation, the quality of which will continue to improve over the course of this Plan.

Beyond our over-riding priority, we continue to deliver a very ambitious programme of behavioural and organisational change. We have set in hand work to streamline the management of Defence, including the Head Office and its relationship with the Front Line Commands. Further, building on the successful formation of the Defence Equipment and Support Organisation on 2 Apr 2007, we are implementing the next step in the series of business improvement programmes that will improve the way the MoD acquires and supports equipment.

Defence does not stand still. As this Plan shows, we are a dynamic and complex organization meeting the security challenges of today whilst preparing for an uncertain future.
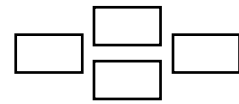
Introduction

The Defence Aim is:

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

The task of the Defence Board is to deliver the Defence Aim by providing strategic direction to the Department and managing performance to make the most cost-effective use of the resources that the Government provides against our Departmental Strategic Objectives.

Defence Plan 2008 reflects the outcome of the 2007 Comprehensive Spending Review. It sets out the top level objectives the Department plans to deliver over 2008-12, providing the framework for the Defence Board's strategic management of the Department and for the Department's public performance reporting over this period. The Scorecard framework on which it is based has been updated to reflect the outcome of the Comprehensive Spending Review and the Defence Board's associated top-level priorities and initiatives.

The Plan is laid out in four sections:

● Section I summarises the strategic context and outlines our priorities for delivery over the next four years;
● Section II details our strategic management organisation – how we manage Defence performance, mitigate risk and ensure performance is reported appropriately;
● Section III sets out the Defence objectives using the Defence Balanced Scorecard; and
● Section IV sets out the Government's Expenditure Plans for the Ministry of Defence.
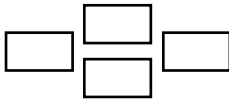
Section 1 - Strategic Context

Having taken account of changing circumstances since 1998 …

Since our Strategic Defence Review[1] in 1998, we have been adapting our Armed Forces to meet the security challenges facing the United Kingdom in the post-Cold War world. The events of 11 September 2001 confirmed a shift in the global security dynamic and brought these challenges into clear perspective. The nature of operations in Iraq, Afghanistan, the Balkans and Sierra Leone has borne out the underlying judgements in the Strategic Defence Review and subsequent policy papers, that the UK needs flexible, adaptable, deployable forces with a balanced range of capabilities.

We have proven our effectiveness in recent years by our ability to tackle threats to our security – most notably in Iraq and Afghanistan. We have also undertaken a number of contingent operations, most recently in Pakistan, the Lebanon and at home in the UK.

… and the challenges we predict in the future …

Contributing to success in Afghanistan and Iraq remains the Department's highest priority. The net additional cost of military operations will continue to be met from the Government's Reserves, and the Comprehensive Spending Review made provision for the continued purchase of Urgent Operational Requirements as necessary. But as set out in the December 2003 White Paper 'Delivering Security in a Changing World'[2], and the July 2004 'Future Capabilities' Paper[3], the existence of failed and failing states, international terrorism and the proliferation of Weapons of Mass Destruction will continue to pose major security challenges. And we continue to work to understand how the future security environment will be complicated by factors such as climate change, energy security, resource scarcity, population growth and migration, international organised crime and technological developments. These will both exacerbate existing security challenges, including through humanitarian crises and the conflict and instability that may result, and present security challenges of their own. The requirement for deployable, flexible, agile and capable Armed Forces will therefore remain crucial, as will the need to prepare for the longer term.

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1   The Strategic Defence Review July 1998 Cm 3999 available at www.mod.uk

2   Delivering Security in a Changing World Defence White Paper December 2003 Cm 6041-1 available at www.mod.uk

3   Delivering Security in a Changing World: Future Capabilities July 2004 Cm 6269 available at www.mod.uk
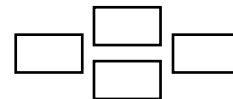
In December 2006 the Government announced plans to sustain a credible nuclear deterrent capability beyond the life of the current system[4]. Parliament endorsed the Government's decisions in March 2007. The Government has also made it clear that it will continue the programme of investment in sustaining capabilities at the Atomic Weapons Establishment. The Government has said that the renewal of the United Kingdom's nuclear deterrent will not come at the expense of the conventional capability that our Armed Forces need.

But these challenges cannot be successfully addressed through military means alone. The Ministry of Defence therefore contributes to the delivery of the cross-governmental Public Service Agreements to reduce the impact of conflict through enhanced UK and international efforts, and to reduce the risk to the United Kingdom and its interests overseas from international terrorism.

… the Defence Aim and Departmental Strategic Objectives were confirmed through the Comprehensive Spending Review. We will now deliver the Departmental Strategic Objectives, which underpin the Government's Public Service Agreements…

The Public Service Agreements are underpinned by the Departmental Strategic Objectives to:

● Achieve success in the military tasks we undertake, at home and abroad.
● Be ready to respond to the tasks that might arise.
● Build for the future.

The Defence Aim is reflected in these Departmental Strategic Objectives, which cover the range of Departmental activity. The top-level Performance Indicators for these objectives are focussed on a number of key areas where we have set out delivery priorities, and are identified and incorporated within the objectives set out in this Plan.

MOD Departmental Strategic Objectives 2008-09 to 2010-11

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

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

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

PI 2.1: **UK Defence Contingent Capability and delivery of Force Elements at Readiness:** Our ability to maintain forces at the readiness we deem necessary to respond to possible threats, assessed against the requirement set out in Strategic Guidance and the Defence Plan,

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

Objective 3: Build for the future.

PI 3.1: **Procuring and supporting military equipment capability, through life,** assessed against achievement of targets for Key User Requirements, Full Operational Capability Date, and in year variation of forecast costs for design, manufacture and support.

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4   The Future of the United Kingdom's Nuclear Deterrent, Cm 6994, December 2006, available at www.mod.uk
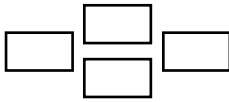
PI 3.2: **Procuring and supporting military non-equipment capability, through life,** assessed against achievement of targets for Key User Requirements, Full Operational Capability Date, and in year variation of forecast costs.

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

The Performance Indicators for success on Operations (1.1) and providing forces at readiness (2.1) will be used directly in assessing the Government's performance against Indicator 4 (more effective UK capability to prevent, manage and resolve conflict and build peace) of the Public Service Agreement to *Reduce the impact of conflict through enhanced UK and international efforts.* The Department will also continue to contribute under this Public Service Agreement to achievement of the Government's goals for conflict prevention and resolution (Indicator 2) and for more effective international institutions (particularly the United Nations, NATO, the European Union and the African Union) better able to tackle conflict (Indicator 3). Performance against this Public Service Agreement will be reported by the Foreign and Commonwealth Office as lead Department.

The Ministry of Defence is also party to the Home Office-led Public Service Agreement to *Reduce the risk to the United Kingdom and its interests overseas from international terrorism*, building on CONTEST (the Government's long term strategy for countering international terrorism, published in July 2006)[5] . The strategy and programme to implement it are divided into four principal areas of work:

● Pursuing terrorists and those that sponsor them;
● Preparing for the consequences;
● Protecting the public, key national services, and UK interests overseas; and
● Preventing terrorism by tackling the radicalisation of individuals.

Insofar as it is possible and consistent with national security, scrutiny arrangements for this Public Service Agreement will mirror those for others, with progress reports made public by the Home Office during the Comprehensive Spending Review period.

Although not directly party to the Government's Public Service Agreement to *Lead the global effort to avoid dangerous climate change*, the Ministry of Defence will contribute towards its objectives by working to evaluate the potential impact of climate change on international peace and stability and understand and prepare for the implications of a changed future climate on our estate, people, equipment capabilities and policies. We will also work to quantify and reduce the greenhouse gas emissions from our estate and activities, and provide specialist support when requested, drawing on available defence capabilities, in response to environmental or climate change-related events, such as flood relief.

As an organisation, we remain committed to looking after our people …

Underpinning all of this are the people of the Armed Forces and our civilian workforce. We invest over £11 billion in them each year, about one-third of the Department's net operating cost. We will continue to support them and their families through, for example, fair and well-targeted pay, raising welfare provision, and continuing investment in their skills and development, as set out in the Service Personnel Plan and the Civilian Workforce Strategy. We are improving living accommodation, albeit less quickly than we would wish. The Comprehensive Spending Review included a commitment to continuing investment to improve the standard of Armed Forces accommodation across the period, including £550 million for single and family accommodation, drawing on anticipated receipts from the sale of Chelsea barracks. We are considering across Government what might be done by all

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5   Further detail is available at http://security.homeoffice.gov.uk/counter-terrorism-strategy
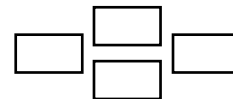
Departments to support past and present members of the Armed Forces and their families, and will publish a personnel command paper in the spring of 2008 reviewing progress already made, identifying areas for improvement and proposing new initiatives for the Ministry of Defence and other Departments.

Looking after our people includes providing them with the equipment they need to do the job. We spend about £12 billion annually on buying and supporting fighting equipment. It is essential that it is spent efficiently and effectively so that our Armed Forces continue to be among the best in the world. Harsh and increasingly manpower intensive operating environments and the evolving capabilities of our adversaries have increased the threat that our Armed Forces face on operations. We must continue to support and protect those who risk their lives to deliver security to the citizens of this country. The proper protection of our forces on operations is one of our top priorities.

… as well as ensuring that we are an efficient, streamlined organisation delivering value for taxpayer's money.

Under the Comprehensive Spending Review, the MOD is committed to value for money reforms generating annual net cash-releasing savings of £2.7 billion by 2010-11, building on savings of £2.8 billion during the 2004 Spending review period.

We intend to make every pound count for Defence, and will continue with the extensive change and efficiency programme that we have put in place to help us achieve this. Initiatives contributing towards our value for money goal include:

● A five per cent year-on-year reduction in our administrative overhead, including a 25 per cent saving in the Head Office; and
● The continued simplification of single Service budgetary and headquarters structures.

We have disposed of over £1.5 billion of surplus assets since the 2002 Spending Review and will continue to contribute to the Government's overall target of disposal of £30 billion in surplus assets. By the end of the Comprehensive Spending Review period the MOD will have disposed of over £3 billion in surplus assets. We are also committed to the release of a significant proportion of our electromagnetic spectrum holdings to the market during 2009 and 2010.

We will continue with the implementation of our Defence Industrial Strategy[6], published in 2005. This takes forward our Defence Industrial Policy, published in 2002, by providing greater transparency of our future Defence requirements and setting out those industrial capabilities we need in the UK to ensure that we can continue to operate and develop our equipment in the way we choose. The Defence Industrial Strategy recognises the important contribution that the defence industry makes to delivering military capability and the clarity provided in the Strategy will continue, we believe, to promote a dynamic, sustainable and globally-competitive defence manufacturing sector. We will issue an updated Strategy in 2008 reflecting the outcome of the Comprehensive Spending Review. We have made major changes to the way we plan and resource equipment acquisition, including the creation of the unified Defence Equipment & Support organisation, further improving effectiveness through the PACE (Performance, Agility, Confidence and Efficiency) programme in conjunction with the Defence Acquisition Change Programme, to optimise the way we equip and support the Armed Forces.

The Defence Technology Strategy[7] provides direction on where we should focus our research and how we must push promising research into a development pipeline and on to exploitation. It identifies those areas that are key to our national interests; where we could meet our defence needs through collaboration; and where we might rely on off-the-shelf purchase from the global supply

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6   Defence Industrial Strategy, Defence White Paper Cm 6697, December 2005 available at www.mod.uk
7   Defence Technology Strategy for the Demands of the 21st Century, October 2006 available at www.mod.uk
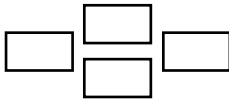
base. We are developing a Defence Technology Plan during 2008. This will enable transparent prioritisation and coherence throughout the MOD's investment in Research and Development, currently some £2.5billion, by setting out the research programme in the form of technology roadmaps derived from key Research and Development objectives, and form the basis of our national and international partnerships with academia, industry and allies.

More broadly, we will continue to make changes to improve our organisation during the life of this plan. These include completion of the Defence Information Infrastructure programme, which will provide key Information Technology infrastructure; continued simplification and rationalisation of single Service budgetary and headquarters structures; and the programme to Streamline and reduce the MOD Head Office in London.

We are committed to delivering, with our partners across Whitehall and beyond, joined-up security responses…

The UK has a long tradition of working closely in alliances and with partners including the UN, NATO, EU and others. We will continue to play a leading role within these structures as we respond to the challenges of the future. The importance of our relationship with the US will not diminish.

Delivering security, whether at home or abroad, is not the business of any one department. It relies on a comprehensive understanding of conflict and insecurity, and demands the coordinated application of the full range of governmental and non-governmental capabilities, known as the 'Comprehensive Approach'. Our experiences in Iraq, Afghanistan and the ongoing campaign against international terrorism have shown this to be the case. In line with the findings of the Capability Review in March 2007 we are working to improve our links with other Departments across Whitehall across the full range of defence business.

… but we remain clear about the role of our Armed Forces.

The United Kingdom's Armed Forces exist to defend its citizens and its interests, working alongside other Government departments to deliver the Government's wider security objectives at home and overseas. The 2007 Comprehensive Spending Review demonstrated the Government's commitment to the Armed Forces. Future uncertainty means that flexible and adaptable expeditionary capability will remain at the heart of our defence policy, and Defence Plan 2008 sets out how we aim to deliver that capability, now and in the future, in line with the resources provided for Defence.
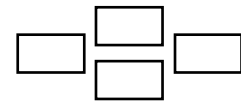
Section II - Strategic Management

Management and Organisation

The Ministry of Defence (MOD) is both a Department of State and the United Kingdom's military strategic headquarters. Members of the Armed Forces are fully engaged in every aspect of the Department's work – from policy formulation to delivery – and the Department's civil servants are equally engaged in all aspects of activity from supporting Ministers to working with the Armed Forces on operations. It is by working together as one team and with one purpose that the Department is able to achieve success in the tasks it undertakes.

The Defence Board is the MOD's senior executive official committee. It is chaired by the Permanent Under Secretary and provides senior level leadership and top-level management of Defence. The Defence Plan is the Board's plan and sets out what is required to deliver the Defence Aim.

Military operations are the responsibility of the Chief of Defence Staff, drawing on the advice of the three single Service Chiefs of Staff, within the Chiefs of Staff Committee, and the support of the Department as a whole. The three Chiefs of Staff also have individual responsibility for leading their individual Services, for which they are accountable to their Service Board and to the Defence Council, in which they are supported by their Service Executive Committees.

Defence activity is managed through eight Top Level Budget (TLB) holders and four Trading Funds. This plan sets out the outcomes they are required to deliver and the resources that are provided to do so, for which they are accountable to the Permanent Under Secretary and Chief of the Defence Staff through the Defence Board. The Permanent Under Secretary separately grants each TLB holder extensive delegated financial, personnel, commercial and other authorities within which they must work, for which they are personally accountable to him as Departmental Accounting Officer.

Within the Head Office a number of senior-level process owners and stewardship holders are responsible for setting pan-departmental processes and standards. They are ultimately accountable for the efficient and effective operation of these systems to the Permanent Under Secretary through the Defence Board. Operation of these arrangements is scrutinised annually by the Defence Audit Committee through its review of the Department's Statement on Internal Control on behalf of the Defence Board and Permanent Under Secretary.
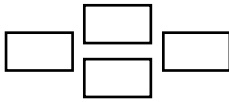
The organisation, governance and business management of the MOD are detailed in the MOD Departmental Framework[8] document and Corporate Governance report[9].

Performance Management

We use the Defence Balanced Scorecard to manage our performance against the objectives set in this Plan. The Defence Board reviews performance against the Scorecard objectives every quarter alongside details of the emerging financial position for the year. By tracking progress against the objectives in this Plan, the Scorecard focuses the Defence Board's attention on what is important in delivering output and achieving results, and on areas where we might be falling behind so that the Board can take action. The Defence Balanced Scorecard is underpinned by scorecards at TLB level, and more generally across the Department. The 2008-12 Scorecard is similar to the one we used in 2007.

We have renamed the 'Wider Government' objective as 'Sustainable Development' and moved it to the Enabling Processes section of the scorecard. We have also split 'Safety' and 'Security and Business Continuity' into two objectives, and have brought the procurement of non-military equipment, which we manage through the non-equipment investment programme, to the top level of the scorecard. Logistic Support is no longer a top level objective in its own right, but as one component of military readiness is most appropriately included as part of the reporting of that top level objective.

Risk Management

Effective management of risk is crucial to the delivery of the Defence Aim. The Defence Board considers risk on two levels: strategic risks ('top-down'), which are set by the context within which Defence operates; and risks to the achievement of the objectives set out in the Plan ('bottom-up' risks).

Strategic risks have been categorised into six realms, which are considered by the Defence Board on a rolling basis over the year. For each of these realms a Board Member leads work in the area, supported by a second Board Member, in the role of 'inquisitor'. The leader is responsible to the Board for the assessment and management of the risks within their realm and to raise issues to the Board as the need arises. The inquisitor's role is to challenge the leader and encourage debate in the Board. Current Responsibilities are as follows:

Strategic Risk Realm	Leader	Inquisitor
Operational or other failure	Chief of Defence Staff	Non-Executive Director
Making the Defence Case	Vice Chief of Defence Staff	Finance Director
Departmental decision making	2nd Permanent Under Secretary	Chief of the General Staff
Attracting and keeping talent	Chief of the Naval Staff	Non-Executive Director
Maximising technological opportunities whilst minimising vulnerabilities	Chief Scientific Adviser	Chief of Defence Materiel
Perception of the Armed Forces – at home and abroad	Chief of the Air Staff	Non-Executive Director

Risks to the achievement of this Plan are presented to the Defence Board in the Quarterly Performance Report, alongside the Defence Balanced Scorecard. The Board will consider whether

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8   MOD Departmental Framework Document available at www.mod.uk
9   MOD Corporate Governance Report available at www.mod.uk
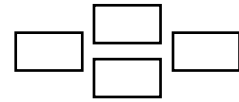
any of these 'bottom-up' risks are sufficiently serious to merit specific action by the Board or inclusion in the strategic risk register.

Performance Reporting

Specific performance information collected for the Defence Balanced Scorecard is used to prepare both the Defence Board's performance reviews and external reports of progress against Public Service Agreements and Departmental Strategic Objectives. The latter are published on the MOD website. A full account to Parliament of Departmental performance, covering performance against all of the MOD's objectives and priorities, internal (as set out in the Defence Balanced Scorecard) and external (as set out in the PSAs and DSOs), is published in the Ministry of Defence Annual Report and Accounts, also published on the MOD website.
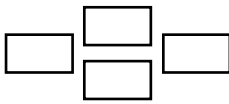
Section III
Defence Balanced Scorecard

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

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

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

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

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

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

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

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

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

Defending the United Kingdom and its interests

Strengthening international peace and stability

A force for good in the world

ENABLING PROCESSES
Are we efficient, responsible and respected?

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

H. *Infrastructure Procurement.* *Invest in strategic infrastructure to support defence outputs.*

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

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

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

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

FUTURE
Are we building for the future?

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

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

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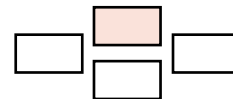
Purpose

Aim

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

The MOD's key aims in this area are:

- succeeding in the operations and Military Tasks that we undertake;
- having properly manned, equipped, trained and supported forces ready for the tasks of tomorrow, whilst being clear about the risks involved and what we can and cannot do in light of current commitments; and
- developing policy objectives that match new threats and instabilities and support the UK's foreign and security interests.

Public Service Agreements (PSAs). The MOD is responsible, in partnership with other Government Departments (OGDs), for the delivery of the following two PSAs over the period 2008-2011:

PSA 30 (lead – Foreign and Commonwealth Office): A global and regional reduction in conflict and its impact through improved UK and international efforts to prevent, manage and resolve conflict, and to create the conditions required for effective state-building and economic development.

- The Foreign and Commonwealth Office (FCO), the Ministry of Defence (MOD) and the Department for International Development (DFID) are the principal actors responsible for delivering this PSA.
- UK Armed Forces play a vital role in all stages of the conflict cycle; from prevention of conflict, through to stabilisation and peacekeeping in those conflicts that actually arise. The use of UK military capability overseas, including through expeditionary operations, can have an important deterrent effect by discouraging the resort to violent conflict to resolve disputes. This deterrent effect is magnified by our alliances and security partnerships.
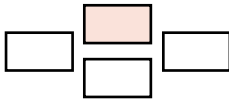
- UK Armed Forces also play a proactive role in preventing conflict through support to security sector reform programmes around the world. They also have a role in building the capacity of nations and multi-lateral institutions (e.g. UN, NATO and EU) to contribute to Peace Support operations around the world. In the aftermath of conflict, UK Armed Forces can play a key role in working with local communities to establish the security required for reconstruction and development.
- The MOD contribution to this PSA is supported by DSO 1 ('Achieve success in the Military Tasks undertaken at home and abroad') and DSO 2 ('Be ready to respond to the tasks that might arise').

PSA 26 (lead – Home Office): **To reduce the risk to the UK and its interests overseas from international terrorism.**

- Under a Home Office (HO) lead, the Cabinet Office (CO), MOD, FCO, DFID, the Department for Communities and Local Government (CLG), the Security Industry Authority (SIA), Her Majesty's Revenue and Customs (HMRC), the Northern Ireland Office (NIO), the Ministry of Justice (MOJ), the Department for Transport (DfT) and the Department for Children, Families and Schools (DCFS) all contribute to this PSA.
- The MOD contribution to the Government's Counter-Terrorist Strategy (CONTEST), both home and abroad, can be summarised as:

CONTEST Objectives	Domestic	Global
Prevent terrorism by tackling its underlying causes	Communicate effectively what we do and why	Stabilisation operations, humanitarian assistance, security sector reform, counter terrorism capacity building with key partners
Pursue terrorists and those who sponsor them	Special Forces (SF) support to OGDs as required	Military counter terrorist operations and support as required
Protect the public and UK interests	Air and maritime integrity of UK and overseas territories, specialist expertise as required (eg chemical, biological, radiological, nuclear or explosives (CBRNE) response)	NA
Prepare	Military Aid to the Civil Authorities (MACA) contingencies as required	NA

Current Operations

Public Service Agreement: Reduce the impact of conflict through enhanced UK and international efforts: More effective UK capability to prevent, manage and resolve conflict and build peace.
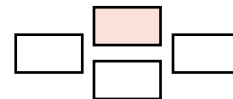
Public Service Agreement: Countering Terrorism: PURSUE – Reduction in the risk of a successful attack against the UK by means of an increase in the impact of disruption on those who threaten the UK or UK interests.

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

- PI 1.1: **Success on operations,** assessed against the military strategic objectives for each operation or military task we are conducting, including Counter Terrorism.

Objective: Succeed in operations and Military Tasks today.

The MOD will undertake standing and contingent Military Tasks, including home commitments and contingent operations overseas, as directed by the Government. Operations in and around the United Kingdom will normally be directed by the Front Line Commands. Contingent operations overseas will normally be directed by the Chief of Joint Operations, with trained and equipped forces provided by the Front Line Commands. The additional costs of these contingent operations will normally be met from the Contingency Reserve or from the Government Department requesting MOD assistance.

The MOD's main effort, in conjunction with other Government departments and the international community, is **to support the Government in achieving strategic success in Iraq and Afghanistan.** During the period of this plan, we will:

● Succeed in the operations and Military Tasks the Armed Forces are tasked with undertaking;

Success on Operations	
Sub-objective	In conjunction with other Government Departments, to achieve substantial progress towards the objectives established by Ministers for operations and other Military Tasks, as set out in the Chief of Defence Staff Directive for each operation
Delivery Responsibility	Chief of Defence Staff
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff Chief of Joint Operations 2nd Permanent Under Secretary

● monitor the proportion of the Armed Forces undertaking operations and Military Tasks;

Activity Levels	
Sub-objective	Manage the activity levels of the Armed Forces over time
Delivery Responsibility	Chief of Defence Staff
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff Chief of Joint Operations 2nd Permanent Under Secretary
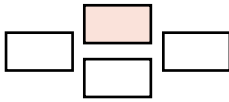
- generate and sustain the capability we need to conduct current and enduring operations and military tasks;

Generate and Sustain Capability	
Sub-objective	Generate and sustain the necessary capability to conduct current and enduring operations and Military Tasks
Delivery Responsibility	Chief of Defence Staff
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff Chief of Joint Operations 2nd Permanent Under Secretary

- monitor our residual capability to conduct additional operations; and

Residual Capability of the Joint Rapid Reaction Force	
Sub-objective	Monitor the capability to generate the Joint Rapid Reaction Force (JRRF) and assess JRRF capability against generic planning scenarios
Delivery Responsibility	Chief of Defence Staff
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff Chief of Joint Operations 2nd Permanent Under Secretary

- recuperate the force structure, improving our capability to undertake further operations.

Recuperation	
Sub-objective	Recuperate the force structure to the capability to undertake the most demanding operations provided for in Defence Planning Assumptions
Delivery Responsibility	Chief of Defence Staff
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff Chief of Joint Operations 2nd Permanent Under Secretary
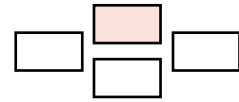
Readiness

Public Service Agreement: Reduce the impact of conflict through enhanced UK and international efforts:
Indicator 4: More effective UK capability to prevent, manage and resolve conflict and build peace.

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

● PI 2.1: **UK Contingent Capability and delivery of Force Elements at Readiness:** Our ability to maintain forces at the readiness we deem necessary to respond to possible threats, assessed against the requirement set out in Strategic Guidance and the Defence Plan.

Objective: Be ready for the tasks of tomorrow.

Over the period of this plan the Armed Forces will continue to be engaged on a wide range of continuing operations and other Military Tasks. But the MOD must be ready, within the context of the requirements of those operations, to undertake further tasks that might be required. Forces will therefore be maintained at a variety of states of preparedness, which we call Readiness. This is the central task of the Front Line Commands and is what they are funded to deliver. They provide military capability through ensuring that Force Elements are at their required readiness condition with the right personnel, effective equipment and logistic support, and trained to operate with other units as required for their primary role.

A key part of military readiness is logistic support. Logistics for the Armed Forces is delivered through collective responsibility shared between Defence Equipment and Support (DE&S), the Capability Area and the Front Line Commands (FLCs), including the Permanent Joint Headquarters (PJHQ). Joint Business Agreements between DE&S and the Front Line Commands set out the responsibilities for the delivery of specific outputs for each of these Top Level Budget Holders who are required to respect the authority of departmental Process Owners and work within the parameters set by them. As a process owner, the Chief of Defence Materiel has responsibility for managing total performance across the end-to-end logistics process, delivering strategic improvement objectives as described in the Defence Logistics Programme, and reporting back to the Defence Board on progress in achieving both.

During the period of this Plan, we will:

● achieve the target readiness states for Force Elements. Readiness levels will remain broadly constant until after the operational tempo has returned within the levels the Armed Forces are resourced and structured to maintain over the medium to long term, reflecting their limited capacity to support additional operational commitments;
● Support and sustain equipment and deliver logistics throughout the Operational Planning Cycle with the agility and responsiveness required by the FLCs and the PJHQ, exploiting the benefits of an end-to end approach; and
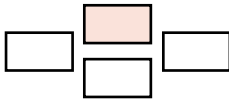
Readiness	
Sub-objective	Achieve target readiness states for Force Elements, against the requirements laid down in the Defence Programme and the standards set out by individual services for manpower, equipment, collective training and support, including logistics
Delivery Responsibility	Chiefs of the Naval, General and Air Staff Chief of Defence Materiel Chief of Joint Operations Director of Special Forces
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff Chief of Joint Operations 2nd Permanent Under Secretary

● as required, and with the provision of the necessary resources in addition to the core defence budget, generate, deploy, sustain and recover Force Elements for contingent (including current) operations at any scale of effort up to the most demanding set out in Defence Planning Assumptions.

Readiness to deploy on and sustain contingent operations	
Sub-objective	Be able to generate, deploy, sustain and recover the Force Elements for contingent operations
Delivery Responsibility	Chiefs of the Naval, General and Air Staff Chief of Defence Materiel Chief of Joint Operations Director of Special Forces
Reporting Responsibility	Deputy Chief of Defence Staff (Commitments)
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff

Defence Policy

Public Service Agreement: Reduce the impact of conflict through enhanced UK and international efforts: Achievement of the Government's goals for conflict prevention and resolution; and more effective international institutions better able to tackle conflict.

Public Service Agreement: Countering Terrorism: PREVENT – Build resilience of overseas countries and PURSUE – intervene to disrupt terrorists and those who sponsor them.

Objective: Global and regional reduction in conflict and its impact and more effective international institutions.
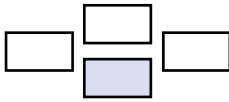
During the period of this Plan, we will:
● support work to deliver a downward trend in the number of conflicts globally, and in particular in Sub-Saharan Africa, Europe, Central and South Asia, and the Middle East and North Africa;
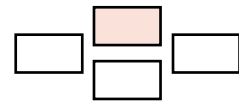
- support a comprehensive approach to reduce the impact of conflict in Afghanistan, Iraq, the Balkans, the Middle East, Sierra Leone, Democratic Republic of Congo and the Great Lakes region, Horn of Africa, Nigeria and Sudan through the Armed Forces' contribution towards providing security;
- contribute directly to UN mandated missions and peace support operations by providing UK troops and assets, subject to other commitments, and working to increase the number and quality of peacekeepers available internationally;
- continue to push for the North Atlantic Treaty Organisation (NATO) to increase its capability to deploy quickly and mount complex humanitarian assistance, stabilisation, peacekeeping and peace enforcement operations;
- push for the European Union (EU) to deploy European Security and Defence Policy (ESDP) missions where the EU can make maximum impact, and support the development and use of the EU battle groups to deploy rapidly and stabilise conflicts where it is appropriate for them to do so;
- help improve the African Union's capacity to conduct peacekeeping, working within the framework of the Africa Standby Force;
- work to ensure that UK military and civilian capacity applied together in conflict interventions are increasingly complementary and well matched;
- continue to work to counter threats to international peace and regional stability from proliferation of conventional arms and especially weapons and technologies of mass destruction and their means of delivery, and maintain a credible and effective UK and NATO nuclear deterrence policy;
- help build the resilience of priority countries' capabilities to resist violent extremism; and
- continue to intervene to pursue terrorists and disrupt their organisations.

Develop and Reform Alliances				
Sub-objectives:	2008/09	2009/10	2010/11	2011/12
	Achieve objectives in the strategic engagement plan for international institutions			
Delivery Responsibility	Policy Director			
Reporting Responsibility	Policy Director			
Accountable TLB Holder	2nd Permanent Under Secretary			

Implementing the International Security Co-operation Strategy				
Sub-objectives:	2008/09	2009/10	2010/11	2011/12
	Ensure Support to Current and Future Operations as set out in regional security co-operation strategies			
	Contribute to International Stability as set out in regional security co-operation strategies			
Delivery Responsibility	Policy Director			
Reporting Responsibility	Policy Director			
Accountable TLB Holder	2nd Permanent Under Secretary			

Future

Aim

To be successful in the operations of tomorrow we must develop and build for the future by transforming Defence to provide more flexible Armed Forces to achieve greater effect and a more flexible, more efficient defence organisation. The objectives necessary to secure this transformation therefore feature in many parts of this Plan but the central changes are set out in this section.

The MOD's key themes in this area are:

● improving military effectiveness – by improving the effect our Armed Forces and military systems can deliver and exploiting technology to improve and develop the capabilities we will need;
● improving the effectiveness of the way Defence operates - primarily through a number of change initiatives; and
● establishing policies which ensure we manage and lead our personnel and we recruit and retain them in the right numbers so that we can support the Armed Forces and Defence policy as appropriate.

Future Capabilities

Objective: Develop the capabilities required to meet the tasks of tomorrow.

To develop the capabilities required to meet the tasks of tomorrow we must:

● implement force structure changes through, in particular, the Future Navy Plan, rebalancing of the Army in line with the Future Army Structure and the Royal Air Force's Transformation programme;
● enhance command, control and communications, in particular through Network Enabled Capability;
● integrate new and enhanced military equipment across all Defence Lines of Development; and
● exploit technology using the latest advances to improve Defence Capabilities.
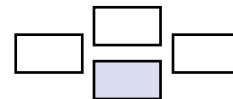
Single Service Transformation

Work continues to deliver a number of changes designed to maximise the effects that our Armed Forces can deliver rather than concentrate on numbers of platforms. This will involve changes in force structures detailed in the Single-Service Transformation Plans.

Single-Service Transformation Plans	
Sub-objectives	● Deliver the Naval Strategic Plan - deliver a Royal Navy that will face the security challenges of the 21st century by contributing to the security of the UK, to the preservation of international order at sea and to the promotion of our national values and interests in the wider world ● In line with Future Army Structures work, continue to rebalance the Army better to meet current concurrency and harmony assumptions for planned operations, whilst also delivering contingent capability for the Joint Rapid Reaction Force; minimising pressure on extant and potential future pinch points; and developing units and formations with broader utility across the spectrum of operations ● The RAF Transformation Programme will enable the delivery of an agile, adaptable and capable Air Force that, person for person, is second to none and that makes a decisive air power contribution in support of the Defence Aim. Action to put in place more effective and efficient top-level processes commenced under the direction of the RAF's Senior Leadership Team in Autumn 2007. The Programme per se, currently time bounded until Dec 2009, is tasked with embedding behaviours associated with continuous improvement across the RAF and the implementation of improved processes. Implicitly, successful Programme outcomes will enable sustained, evolving transformational and improvement activities to be embedded institutionally within the Service thereafter
Delivery Responsibility	Chiefs of the Naval, General and Air Staff
Reporting Responsibility	Directors of the three Services Resources and Plans
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff

Network Enabled Capability

Network Enabled Capability (NEC) will deliver benefit by enabling decision superiority across both the battle space and the business space. It is considerably more diverse than equipment and improved technical solutions; ultimately it is cultural with implications for doctrine, organisation, structure, training, tactics and procedures. It will enable the situational awareness and the command and control required to plan, execute and co-ordinate precise and effective actions conducted as part of a comprehensive approach to operations, by providing the required degree of national, international and cross-departmental interoperability at all levels of command.

Improved Network Enabled Capability	
Sub-objectives	Meet the objectives and targets as set out in the NEC and Command and Battlespace Management 2012 Milestone statement under the building blocks of the Joint Action, Networks, Information and People dimensions
Delivery Responsibility	Senior Responsible Owner – Deputy Chief of Defence Staff (Equipment Capability) via the NEC and Command and Battlespace Executive Group
Reporting Responsibility	Joint Action – Director Joint Capability Information – Director General (Information) People – Director General (Training and Education) Programme Management - Director Command and Battlespace Management / Defence J6
Accountable TLB Holders	2nd Permanent Under Secretary Chiefs of the Naval, General and Air Staff Chief of Defence Materiel Science and Technology Director Chief of Joint Operations

Integration of Future Capabilities

The identification and subsequent successful delivery into service of new and enhanced capabilities is more than just the purchase of new equipment and technology. It is about how we integrate these together and about the way we operate to deliver an effects-based approach to operations. To ensure the successful delivery into service of new capabilities, major programmes involving substantial change, significant complexity or demanding integration across boundaries are overseen, on behalf of the Defence Board, by Senior Responsible Owners (usually at 2* level). They are responsible for ensuring that effective arrangements are made to introduce the new capability across all Defence Lines of Development[10] to meet programme targets. Senior Responsible Owners have been established for the following major military capability programmes:

- UK Military Flying Training System – a programme to replace the present flying training arrangements for the Royal Air Force, Fleet Air Arm and Army Air Corps with a single tri-Service military flying training system.
- Nuclear Deterrence Capability – a programme to sustain a credible nuclear deterrent capability beyond the life of the current system[11].
- Joint Medium Weight Capability – a task-organized joint force designed to achieve an improved range of effects more rapidly in expeditionary operations.

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10 Defence Lines of Development provide a pan-Defence taxonomy for development and management of capability.

11 The future of the United Kingdom's Nuclear Deterrent Cm 6994, December 2006
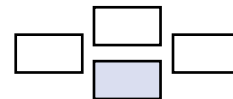
- Helicopters' Capability – improvement projects to ensure continuity of capability of helicopter fleets.
- Combat Identification – a programme to improve situational awareness at sea, on land and in the air, which also ensures interoperability with US forces.
- Carrier Strike– a Joint Force capability comprising Joint Combat Aircraft, Future Carrier, Maritime Airborne Surveillance and Control and other enabling projects.
- Future Strategic Tanker Aircraft – a programme to replace the air to air refuelling and some elements of air transport capability currently provided by the RAF's fleet of VC10 and TriStar aircraft.
- Urgent Operational Requirements – delivery of improvements to the process for procuring equipment that is urgently needed for specific operations.
- Counter Improvised Explosive Device (C-IED) Capability - a programme to drive coherence across the spectrum of C-IED capabilities in order to deliver freedom of manoeuvre to operational commanders.
- Test and Evaluation (T&E) – a programme to drive change across the spectrum of the Department's T&E capability in order to improve coherence and provide best value for Defence.
- Future Core Network - a programme to introduce a unified strategic pan-Defence communications network supporting both operations and business functions, and is the key enabler in delivering a Global Information Infrastructure and Network Enabled Capability.

Future Capability Programmes	
Sub-objectives	Achieve the improvements and benefits specified in the capability programme, through life and across all Defence Lines of Development.
Delivery Responsibility	Senior Responsible Owners: ● UK Military Flying Training System – Chief of Materiel (Fleet) ● Nuclear Deterrence Capability – Director General Equipment ● Joint Medium Weight Capability – Capability Manager (Battlespace Manoeuvre) ● Helicopters' Capability – Capability Manager (Battlespace Manoeuvre) ● Combat Identification – Capability Manager (Information Superiority) ● Carrier Strike– Senior Responsible Owner-Carrier Strike ● Future Strategic Tanker Aircraft – Capability Manager (Information Superiority) ● Urgent Operational Requirements – Capability Manager (Precision Attack) ● Counter Improvised Explosive Device Capability – Capability Manager (Battlespace Manoeuvre) ● Test and Evaluation – Capability Manager (Battlespace Manoeuvre) ● Future Core Network – Capability Manager (Information Superiority)
Reporting Responsibility	Deputy Chief of Defence Staff (Equipment Capability)
Accountable TLB Holders	2nd Permanent Under Secretary Chief of Defence Materiel Science and Technology Director

Science, Innovation and Technology

The MOD aims to deliver battle-winning technology for the Armed Forces in support of operations today and tomorrow and we will measure our success in this by the timeliness and effectiveness of new technologies delivered to the front line. During the period of this plan we will:

- work to deliver the priorities set out in the Defence Technology Plan based on the needs, opportunities and threats identified by stakeholders across the defence community;
- place research contracts with a wide range of research providers in a process which is agile, promotes innovation and the creation of wealth; and
- seek value for money in everything we do, including through competition and international collaboration.

Science, Innovation and Technology	
Sub-objective	Exploit new science and technology solutions to meet Defence needs
Delivery Responsibility	Science and Technology Director
Reporting Responsibility	Director Science & Technology Policy
Accountable TLB Holder	Science and Technology Director

Change

Objective: Develop flexible and efficient organisations and processes to support the Armed Forces.

In order to meet operational challenges of the future, we must continue to transform Defence to provide more versatile and flexible Armed Forces with a supporting Defence organisation that is as efficient as possible.

Doing things better – more effectively and more efficiently – is vital to the conduct of our current and future tasks. Savings achieved though change will be used to provide greater front line capability than would otherwise be possible. Successful change is therefore essential to delivering more flexible and effective Armed Forces for the future.

The MOD's key aims in this area are to:

- implement the Capability Review Implementation Plan;
- deliver the Defence Industrial Strategy to ensure the defence acquisition processes, structures and organisations are able to deliver lasting and transformational changes; and
- deliver the projects in the Defence Change Portfolio to modernise departmental business and improve effectiveness and efficiency.

Implementing the Capability Review Implementation Plan

The Capability Review of the MOD was published on 27 March 2007. It was an external review of the Department's ability to deliver now and in the future and it assessed the Department against a model of capability, specifically considering leadership, deliver and strategy. As a result of this we are developing a simplified Departmental operating model with clear roles and accountabilities, which sets out how we will deliver an effective top level governance structure and a leaner and more focussed Head Office. We continue to work on a number of specific actions to improve our capability in a number of areas.

Capability Review Implementation Plan	
Sub-objectives	● That the top level leadership of the Department acts collectively to drive an agreed agenda for Defence ● To achieve a step-change in the quality of the MOD's engagement with other Government departments, to define, shape and implement the Government's security goals ● To pursue Defence Industrial Strategy implementation and ensure the MOD continues to embed improved working with industry into strategy, procurement systems and processes ● That the MOD is clear on its skills requirement, and has a balanced and representative workforce to meet it
Delivery Responsibility	Permanent Under Secretary and Chief of the Defence Staff
Reporting Responsibility	Strategy Director
Accountable TLB Holder	2nd Permanent Under Secretary

Defence Industrial Strategy

The Defence Industrial Strategy (DIS) set out a programme of cultural, behavioural, procedural and organisational change by addressing the challenge of: "embedding a through life systems approach, achieving a better and more transparent relationship with industry, improving risk and performance management and tailoring our procurement approach to the needs of individual acquisition programmes". DIS also signposted the need to review our pan-departmental approach to acquisition.

An important aspect of delivering the Defence Industrial Strategy is the Defence Acquisition Change Programme (DACP) and the development of through-life capability management. Further, we will improve the effectiveness of the Defence Equipment and Support organisation through the Performance, Agility, Confidence and Efficiency (PACE) programme.

Defence Acquisition Change Programme	
Sub-objective	Create a high performing and agile acquisition system, focussed on through-life considerations, including: ● Streamlined acquisition process ● Better decision making through-life and across all Defence Lines of Development ● More effective relationships with industry ● Improved skills for acquisition more effectively deployed
Delivery Responsibility	Permanent Under Secretary
Reporting Responsibility	Defence Acquisition Change Programme Director
Accountable TLB Holders	Chief of Defence Materiel 2nd Permanent Under Secretary

PACE is the next step in a series of business improvement programmes that have sought to improve the way the MOD acquires and supports equipment. These followed on from, and sought to reinforce, the principles introduced under smart acquisition.

PACE	
Sub-objective	**Performance** – we will deliver results through benchmarked processes operated by highly skilled people **Agility** – we will respond rapidly to Sponsor and User priorities, formulating innovative equipment and support solutions to deliver through life capability, and with a real focus on 'time to market' **Confidence** – the Armed Forces will be confident that we will deliver the right equipment, support and logistics fit-for-purpose, at the right time and in the right place; the public will be confident that when the Armed forces are deployed on operations they have the best equipment and that we spend taxpayers' money responsibly; industry will be confident that, with greater commercial astuteness, we deliver our part of the Defence Industrial Strategy; and our workforce will be confident that we value and develop their skills, offer challenging jobs and reward good performance **Efficiency** – we will deliver our outputs at best value for the Government's Defence investment, within resource allocations
Delivery Responsibility	Chief of Defence Materiel
Reporting Responsibility	Chief of Corporate Services, DE&S
Accountable TLB Holders	Chief of Defence Materiel 2nd Permanent Under Secretary

Defence Change Portfolio

The purpose of the Defence Change Portfolio is to modernise the MOD's business processes improving efficiency and effectiveness, thus maximising our investment in front-line operational capability. Launched in 2002, it joins up the major change programmes across Defence under strong central direction. It ensures that each change initiative is worthwhile and delivers the expected benefits through robust governance and plans.

There are 19 pan-Defence change programmes in the portfolio, under 4 main headings:

- **Departmental Infrastructure Processes**
  - Defence Information Infrastructure (DII) - replacing 300 diverse information systems across 2000 locations worldwide; DII is the key enabler for other change programmes.
  - Defence Electronic Commerce Service - seeks to enable MOD and industry to achieve efficiency savings and improve capabilities through the delivery of application services and guidance on best commercial practice.

- **People Processes**
  - Joint Personnel Administration - harmonising and simplifying the management of personnel across the Armed Forces through the implementation of a single information system to replace the current 250+ systems.
  - People Programme - modernising Human Resource practices for MOD civilian staff, including the implementation of a new information system; Civilian Human Resource services will be provided corporately by the new People, Pay and Pensions Agency.
  - Defence Training Review Transformation - aims to provide modern, flexible and responsive specialist individual training by modernising training delivery and facilities, utilising new technologies and innovative approaches to learning, on a reduced training estate. This transformation is now being considered in two parts: Package 1 and Package 2.
  - Defence Health Change Programme - aims to strengthen the core capabilities of the Defence Medical Services and provide it with a 21st Century infrastructure by delivering a series of change programmes that will deliver new information capability, a co-located Strategic Medical HQ and Joint Medical Command, responsible for Strategy and Policy, and delivery of Joint capabilities.
  - UK Military Flying Training System - seeks to replace the present flying training arrangements with one tri-Service programme for the entire front line, from fast jet pilots and weapon system officers to helicopter and multi-engine pilots, to rear-crew disciplines.
  - Defence Individual Training Management - will harmonise the individual training processes across the three Services and will be supported by the replacement of legacy management information by a new tri-Service system.

- **Acquisition Processes**
  - Defence Logistics Transformation Programme - delivering better logistic support to the front-line through improving effectiveness, efficiency and flexibility.
  - Whole Fleet Management - ensuring the better management of the Defence vehicle fleet and facilitating the training of force elements on future reduced fleets; introducing a modern fleet management system across all Services.
  - Defence Travel Modernisation - to improve the effectiveness of the travel process for the user and deliver efficiencies in costs.
  - Defence Acquisition Change Programme – forms part of the Defence Change Portfolio; further detail is provided on page 26.

- **Management and Organisational Processes**
  - Streamlining - will clarify and simplify the way the Department operates with an efficient Head Office focused only on strategic tasks. In doing so we aim to reduce the Head Office in cost and size by 25%, thereby releasing resources for the front line.
  - Collocation of Adjutant General and Land Top Level Budget (Project HYPERION) - to establish a Land/Adjutant General integrated headquarters that provides command and direction to the Field Army; benefits include potential disposal receipts, a more effective integrated HQ, modern working environment, improving staff morale and enabling more effective working.
  - RAF Single Headquarters - to merge the two former RAF headquarters, HQ Strike Command and HQ Personnel and Training Command into one, HQ AIR Command, to deliver the RAF's outputs more effectively and efficiently; benefits include estate rationalisation and improving ways of working.
  - Defence Intelligence Modernisation Programme – a single co-ordinated programme covering existing information system enabled business change, estate modernisation and cultural change programmes.
  - Joint Helicopter Command Rationalisation (Project BELVEDERE) - to rationalise the Joint Helicopter Command's airfield estate, reducing its footprint and running costs and delivering the optimum balance between operational effectiveness, affordability and value for money and the impact on personnel.
  - Germany Basing (BORONA Programme) - to implement endorsed plans for the re-location of soldiers, and their families, to the UK, taking advantage of estate opportunities arising from estate rationalisation programmes and thus implementing the endorsed Super Garrison Policy.

The Portfolio is dynamic; new programmes are brought in as needed to benefit from the strong central direction and mature programmes which have achieved their outcomes are graduated from the portfolio. Following the end of the 2004 Spending Review period, we expect a number of the above programmes to graduate from the portfolio; their benefits will be sustained within normal business.

Defence Change Portfolio				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Deliver the Defence Change portfolio to modernise Departmental business and improve effectiveness and efficiency.	Yellow Colour Assessment – Some, but not significant, deviation from target			
Delivery Responsibility	2nd Permanent Under Secretary			
Reporting Responsibility	Director Change			
Accountable TLB Holder	2nd Permanent Under Secretary			

Future Personnel

Objective:
Deliver the personnel plans to meet the needs of current and future tasks.

Future operations will continue to be manpower intensive and will require high levels of competence and discipline. Both Service and civilian personnel will need to be adaptable and flexible to meet changing demands. This will be achieved by implementing the Service Personnel Plan (a framework for the coherent delivery of the different elements of the Service personnel policy needed to support Armed Forces personnel in their delivery of operational capability over the next 15 years) and
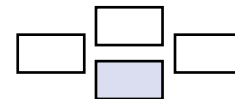
implementing the Civilian Workforce Strategy (by analysing the strategic context, identifying the challenges, setting priorities for developing our civilian workforce and human resource function, and providing the foundation to develop the civilian contribution to Defence).

Service Personnel Plan

Service personnel will be trained and educated to undertake a greater range and depth of tasks. The future operational context will continue to require sufficient personnel who are rapidly and readily deployable to meet the requirements of modern expeditionary operations campaigns. However, the future will also require personnel capable of supporting new concepts, such as Network Enabled Capability, and who are delivered, trained and educated as required to support the introduction of new equipment. To meet these needs the MOD will pursue the objectives from the Service Personnel Plan to:

- develop all sources of personnel provision, which includes greater synergy between Regular and Reserve Forces, and activities and opportunities that will stimulate and encourage young people to enter the Armed Forces;
- deliver the Strategic Training and Education Change Programme, which defines the long-term aim for Training and Education and delivers improvements to Basic Skills;
- develop the overall military personnel package appropriate for the future context, which will implement appropriate policies and programmes that will ensure that the Armed Forces remain an employer of choice;
- develop a better understanding of people to inform future policies and resource decisions by undertaking a focused programme of research projects to gain a better understanding of behaviour and how changes, both internal and external to the Armed Forces, are likely to affect issues such as recruitment, morale and retention; and
- pursue the Role of the Military in Acquisition project within the context of the Aquisition Skills Strategy.

Service Personnel Plan	
Sub-objectives	Achieve targets in the Service Personnel Plan
Delivery Responsibility	Deputy Chief of Defence Staff (Personnel)
Reporting Responsibility	Deputy Chief of Defence Staff (Personnel)
Accountable TLB Holder	2nd Permanent Under Secretary

Civilian Workforce Strategy

Civilians contribute to Defence in a variety of ways and, increasingly, support military commanders deployed in operational theatres. The MOD must provide a civilian workforce of sufficient numbers that is appropriately skilled, managed and motivated to support Defence capability now and in the future. This will be delivered by the Civilian Workforce Strategy. A new chapter was added to the strategy in 2008, which aims to maintain and preferably improve the quality of the civilian contribution to Defence as the workforce reduces in size.

Civilian Workforce Strategy	
Sub-objectives	Achieve targets in the Civilian Workforce Strategy
Delivery Responsibility	Personnel Director
Reporting Responsibility	Director General Civilian Personnel
Accountable TLB Holder	2nd Permanent Under Secretary
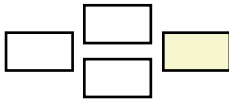
Enabling Processes

Aim

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

● procure the materiel required by our Armed Forces, by a whole life process founded on Through-Life Capability Management;
● procure the non military equipment required by the MOD to ensure the continued delivery of operation capability, for example information technology systems;
● enable operational capability by providing a secure and resilient environment for our personnel;
● minimise non-combat deaths and injuries;
● enhance our reputation amongst our own people and externally; and
● deliver against the Government's Sustainable Development action plan, and work to evaluate the potential impact of climate change on international peace and stability.

Military Equipment Procurement

Departmental Strategic Objective 3: Build for the Future
PI 3.1 Procuring and Supporting military equipment capability through life.

Objective: Equip and Support our Armed Forces for operations now and in the future.

All major new equipment and associated through life support is procured by Defence Equipment and Support on behalf of the MOD. During the period of this plan we will continue to progress with projects, in order to deliver the specified levels of capability to performance time and cost, ensuring that these are supported through life in an effective and efficient manner in accordance with the requirements specified and funded by the sponsor. Furthermore efforts are being made to shorten the procurement cycle times to drive greater agility into the programme to ensure delivery of capability at the required time.
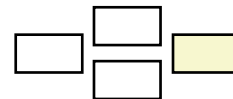
The MOD's annual Acquisition & Support spend is £16billion. We need to ensure that the equipment we buy for our Armed Forces is fit for purpose and properly supported, both now and in the future. We want to achieve better capability to conduct military operations, while demonstrating value for money for the taxpayer. We also want the flexibility to respond to the unknown through agility and innovation. We must, therefore:

● excel in managing through-life a portfolio of complex projects related to new and existing equipment assets in a way that demonstrates commercial best practice and outstanding technology management; and
● develop a strong and enduring relationship with Industry that can unlock the potential of the industrial supply chain to optimise the provision of through-life capability for defence.

Military Equipment Procurement				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Average percentage forecast achievement of Key User Requirements (KURs), across all Category A/B/C, post Main Gate (MG), and pre In Service Date (ISD) or Initial Operating Capability (IOC) projects.	97%	97%	97%	97%
Average in-year variation of forecast ISD/IOC date across all Category A/B/C, post-MG, pre-ISD/IOC projects.	0.4 months	0.4 months	0.4 months	0.4 months
Average in-year variation of forecast costs for Design and Manufacture across all Category A/B/C, post-MG, pre-ISD/IOC projects.	Less than 0.2%	Less than 0.2%	Less than 0.2%	Less than 0.2%
Delivery Responsibility	Chief of Defence Materiel			
Reporting Responsibility	Chief of Staff, DE&S			
Accountable TLB Holder	Chief of Defence Materiel			

Note: The measurement of IOC rather than ISO, is currently an aspiration and contingent on guidance which will be issued by the Investment Appraisals Board.

Infrastructure Procurement

Departmental Strategic Objective 3: Build for the Future
PI 3.2 Procuring and Supporting non military equipment capability through life.

Objective: Invest in strategic infrastructure to support defence outputs.

The MOD invests heavily in strategic infrastructure to support defence outputs. In order to improve the decision making process regarding priorities for investment in infrastructure, the Department has brigaded funding for major infrastructure in the Non Equipment Investment Plan (NEIP). This is used to make informed judgements on the relative priority of competing infrastructure proposals.
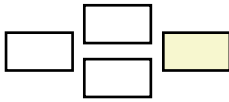
The NEIP comprises about 70 projects costing around £2.5billion a year, mainly consisting of a wide range of estate programmes costing some £2billion a year, including estate maintenance projects such as the Regional Prime Contracts and Project Aquatrine and estate modernisation programmes such as the Single Living Accommodation Modernisation Project to improve the standard of single living accommodation, Allenby/Connaught, the Defence Training Review, and a number of projects underpinning Top Level Budget organisations' rationalisation and collocation programmes. It also includes investment in major Information System projects costing about £500million a year, such as:

- the Defence Information Infrastructure to provide a coherent Information Systems network across defence;
- the Defence Medical Information Capability Programme which will improve the care and treatment of military personnel by providing access to the most up-to-date information on patients; and
- JAMES[12]2, part of the Whole Fleet Management Programme that will enhance the operational readiness of the Defence vehicle and equipment fleets through improved fleet management and equipment visibility.

Non-Equipment Procurement				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Percentage forecast achievement of Key User Requirements across a representative subset of NEIP projects	97%	97%	97%	97%
Average in-year variation against major milestones across a representative subset of NEIP projects	0.4 Months	0.4 Months	0.4 Months	0.4 Months
Percentage in-year variation of the forecast costs across a representative subset of NEIP projects	0.5%	0.5%	0.5%	0.5%
Delivery Responsibility	Relevant TLB Holders			
Reporting Responsibility	Director Resource and Plans – Centre			
Accountable TLB Holders	Relevant TLB Holders			

Security and Business Continuity

Objective: Enable secure and resilient operational capability.

The MOD is obliged to ensure MOD facilities and processes remain secure and resilient to disruption.

Security

Security is a key enabler in the management of Defence. It is essential to the delivery of both success on operations and Defence policy that the MOD's people, information and materiel can operate securely against assessed risks.

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12 Joint Asset Management and Engineering Solutions
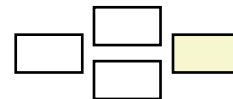
Protective security is the protection of assets from compromise; assets are anything of value, either tangible or intangible, that is owned or used by the MOD. Protective security comprises: laws, orders and instructions; physical security; personnel security; information security; and security awareness and training.

During the period of this plan, we will:

● enable a secure environment for MoD personnel, establishments and information;
● provide assurance that the MoD's protective security policies are effective, proportionate, and compliant with government policy and the law; and
● ensure that security risk management is integrated in business processes across the Department in line with delegated responsibilities and corporate governance requirements.

Security				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Serious or Critical Weaknesses, as assessed by the Departmental Security Officer (Director General Security and Safety), in protection of assets from compromise	0	0	0	0
Delivery Responsibility	All TLB Holders			
Reporting Responsibility	Director General Security and Safety			
Accountable TLB Holders	All TLB Holders			

Business Continuity

Effective Business Continuity management enables the successful delivery of critical defence outputs and objectives following disruption. It also provides a framework for building both resilience and the capability for an effective response in the context of an unforeseen disruptive incident which safeguards the interests of key stakeholders and MOD reputation.

In line with wider Government requirements we are aligning the MOD's Business Continuity Management System with BS25999, the British Standard for Business Continuity.

During the period of the plan, we will deliver an improved Business Continuity Management System for MOD.

Business Continuity				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Improvement in the assessment of risks to Business Continuity identified in the Defence Audit Committee report including the status of the MOD's pandemic influenza planning	Year on year improvement	Year on year improvement	Year on year improvement	Year on year improvement
Delivery Responsibility	2nd Permanent Under Secretary			
Reporting Responsibility	Director General Safety and Security			
Accountable TLB Holder	2nd Permanent Under Secretary			

Safety

Objective: Minimise non-combat fatalities and injuries.

While military operations (and the preparations for them) are by their nature dangerous, and injuries and fatalities cannot always be avoided, the MOD attaches the highest importance to the Health and Safety of all of its employees when going about their normal routine business, and of contractors working for the MOD and visitors to MOD establishments. The MOD aspires to have no fatalities attributable to Health and Safety failures. To meet this aspiration we have set a target of reducing fatalities attributable to health and safety failure year on year.

Safety				
Sub-objective	2008/09	2009/10	2010/11	2011/12

Reduction in the number of non-comabat fatalities, specifically:
  - Health and Safety (H&S) Failures
  - Road Traffic Accidents (on and off duty)
  - Deaths in training designed to simulate combat
  - Suicides
and excluding deaths attributable to natural causes, measured as a cumulative rolling average.
	Year on year reduction in fatalities attributable to H&S failures			

Reduction in number of major injuries (as defined in Health and Safety Executive's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) compared to FY06/07 baseline for TLBs.	10% year on year reduction			
Delivery Responsibility	All TLB Holders			
Reporting Responsibility	Director General Safety and Security			
Accountable TLB Holders	All TLB Holders			

Deliver Safe Equipment and Safe Systems of Work	
Sub-objective	Zero Serious or Critical Weaknesses (as reported in annual reports to the Defence Environment and Safety Board from functional boards) in: ● Ship Safety ● Land Systems Safety ● Defence Aviation Safety ● Defence Ordnance Safety ● Defence Nuclear Environment and Safety ● Occupational Health and Safety
Delivery Responsibility	Defence Environment and Safety Board (Chairman: 2nd Permanent Under Secretary)
Reporting Responsibility	Director General Safety and Security (reporting by exception)
Accountable TLB Holder	2nd Permanent Under Secretary

Reputation

Objective: Maintain our reputation amongst our own people and externally.

The Defence Communications Strategy aims to enhance the reputation of the MOD and Armed Forces both internally and externally, through influencing the understanding, activity and perceptions of internal, domestic and international audiences.

The successful achievement of Defence objectives depends on the support of the public and Defence personnel. The MOD carries out surveys of external opinion, using an independent market opinion company, and of internal opinion, to test the reputation of the MOD and our Armed Forces.

During the period of this plan, we will maintain internal and external opinion of the MOD and the Armed Forces;

Reputation				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Positive Public Opinion of the Armed Forces.	77%	77%	77%	77%
Positive Public Opinion of the MOD.	50%	50%	50%	50%
Positive Service and MOD Civilian Opinion of the Armed Forces.	85%	85%	85%	85%
Positive Service and MOD Civilian Opinion of the MOD.	75%	75%	75%	75%
Delivery Responsibility	Director General Media and Communication – to orchestrate the overall approach to communication efforts across the MoD, building the best reputation for MoD consistent with the facts.			
Reporting Responsibility	Director General Media and Communication			
Accountable TLB Holder	2nd Permanent Under Secretary			
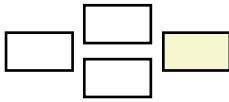
Sustainable Development

Public Service Agreement 27 (DEFRA Lead): Lead the global effort to avoid dangerous climate change

Departmental Strategic Objective 3.3 – Build for the future (by procuring and supporting military capability, and through sustainable development).

Objective: Work with other Government departments to contribute to the Government's wider agenda, including on Sustainable Development.

Although the MOD is not a direct delivery partner to this PSA, we will contribute by working to evaluate the potential impact of climate change on international peace and stability and understand and prepare for the implications of a changed future climate on its estate, people, equipment capabilities and policies. The MOD will also work to quantify and reduce the greenhouse gas emissions from its estate and activities, working with organisations such as the Carbon Trust and defence suppliers to identify cost-effective opportunities to reduce emissions over the long term and to meet the legislative requirements of Environmental Compliance. MOD and the Armed Forces will provide specialist support when requested, drawing on defence capabilities, in response to environmental or climate change-related events, e.g. flood relief.

As well as continuing the broader Defence involvement in the wider community that is part of our day to day business, we will in particular focus on working to build the skills and expectations of young people and our support to Service veterans, supporting the Government's Sustainable Development Strategy.

Internally, the Defence Environment and Safety Board (DESB) is responsible for Sustainable Development, supported by sustainable procurement and sustainable development and environmental protection Boards. Externally, the Sustainable Procurement and Operations Board chaired by the 2nd Permanent Under Secretary at the MOD, is responsible for Sustainable Development performance on the Government estate and reporting procurement issues to the Office of Government Commerce Procurement Council. The Sustainable Development Commission and the Environmental Audit Committee scrutinise Government performance on Sustainable Development.

During the period of this plan, we are reporting against the key Government targets in the Sustainable Development Government priority areas of Climate Change and Energy; Sustainable Consumption and Production; Natural Resource Protection and Environmental Enhancement.

Sustainable Development

Sub-objective	2008/09	2009/10	2010/11	2011/12
Energy use in buildings Reduce carbon emissions by 15% by 2010/11 and by 30% by 2020, relative to 2004/05 levels Tonnes of CO2 emitted per annum from Defence estate.	5%	10%	15%	18%
Fuel use & travel Reduce carbon emissions from road vehicles used for Government administrative operations by 15% by 2010/11, relative to 2005/06 levels.	9%	12%	15%	18%
Procurement (Calendar Year Reporting using the Government's Sustainable Procurement Task Force Flexible Framework as the measuring tool). Become a national leader in Sustainable Procurement by December 2009. Position on Flexible Framework of five themes; People; Policy, Strategy & Communication; Procurement Process; Engaging Suppliers; and Measurements & Results.	Level 3[13] in all themes	Level 3 in all themes and level 5 in one theme	Level 3 in all themes and level 5 in two themes	Level 3 in all themes and level 5 in three themes
Waste management ● Departments to increase their recycling figures to 40% of their waste arisings by 2010. ● Departments to increase their recycling figures to 75% of their waste arisings by 2020.	24%	32%	40%	45%
Water management Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004/2005 levels.		2%	3%	4%
Biodiversity condition Percentage of Sites of Special Scientific Interest (SSSIs) in sole ownership or control in target condition.	86%	90%	95%	95%
Delivery Responsibility	2nd Permanent Under Secretary			
Reporting Responsibility	Director of Safety and Claims			
Accountable TLB Holder	2nd Permanent Under Secretary			

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[13] There are five levels of performance against each matrix theme; Level 1 Foundation; Level 2 Embed; Level 3 Practice; Level 4 Enhance; and Level 5 Lead
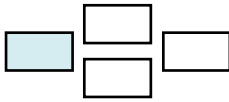
Resources

Aim

Delivering the Defence Vision against the background of an increased requirement for up-front investment and rising costs in many areas, is a challenge. The same is true of managing a reduction in manpower while achieving manning balance. To meet these challenges we must use to best effect our 3 principal resources: people, money and estate. The MOD's key aims in this area are to:

● ensure we have sufficient and diverse people, maintaining manning balance and the right profile of skills within each Service and the right mix of skills in the civilian workforce despite reducing numbers;
● ensure our people are capable of doing the jobs we need them to do by keeping them healthy and training them well;
● manage our people well, motivating them and offering them worthwhile and satisfying careers;
● keep expenditure and resource consumption within the controls and limits laid down by both Parliament and the Treasury;
● deliver the Value for Money targets agreed in the 2007 Comprehensive Spending Review, ensuring that efficiency gains are ploughed back into Defence; and
● provide an estate of the right size and quality, which is managed and developed effectively in line with acknowledged best practice and is being developed to meet future Defence requirements.

People

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

Effective management of our people embraces a range of activities including recruitment and retention, training and education and being fit for the task. It also requires consideration of motivational factors such as the time between operational tours for Service personnel. To meet all of the challenges we face, the MOD plans to have sufficient, capable and motivated:

● regular Service personnel in the Royal Navy, Army and Royal Air Force;
● reserve forces personnel in the Royal Naval Reserve, Royal Marines Reserve, Territorial Army and Royal Auxiliary Air Force; and
● civilian personnel, in particular the Defence Civil Service and the MOD Police.
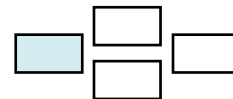
Regular Service Personnel

This Plan sets objectives to ensure we have sufficient regular Service personnel with the right profile of skills and to increase the representation of minority ethnic groups within the Armed Forces. To ensure our regular Service personnel are capable of performing the tasks they are asked to do, we will drive improvements in medical fitness standards and individual skills development. We will also work to improve regular Service personnel career satisfaction and have set guidelines for each Service for the amount of time personnel spend away from their families ('harmony' or 'separated service'), based on the MOD carrying out operations at no more than the 'routine' level of concurrency[14]. We have been operating in excess of these guidelines for some time, and therefore do not expect to meet these targets in 2008/09. This means that we will have to work hard in other ways to sustain our people and their families through an extended period of intense operations.

To ensure we have sufficient regular Service personnel, we will:

● achieve full manning in each of the 3 Services as soon as possible by: achieving overall Service Manning Balance (+1% to -2%) between the trained strength and the trained liability; and correcting pinch points within the Services where manning within individual specialisations or ranks is significantly out of balance;
● maintain the correct profile of skills and experience within the regular Service manpower structures; and
● improve longer term recruiting prospects by increasing the representation of minority ethnic groups within the Armed Forces.

Departmental Strategic Objective 2 Be ready to respond to the tasks that might arise (by maintaining a UK contingent capability and force elements at readiness)

Performance Indicator 2.2 – Manning Balance

Regular Service Personnel: Sufficient				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Achieve Royal Navy and Royal Marines manning balance: trained strength within +1%/-2% of defined requirement.	35,790	35,410	35,360	35,380
Achieve Army manning balance: trained strength within +1%/-2% of defined requirement.	101,660	101,630	100,560	101,510
Achieve Royal Air Force manning balance: trained strength within +1%/-2% of defined requirement.	40,830	40,360	40,670	40,170
Delivery Responsibility	Chiefs of the Naval, General and Air Staff			
Reporting Responsibility	Deputy Chief of Defence Staff (Personnel)			
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff			
Notes: Figures are at the last day of the financial year. These figures include an estimate of the impact of the DE&S PACE programme and Head Office Streamlining and are subject to change.				

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14 A Medium Scale enduring peacekeeping operation plus a Small Scale peacekeeping operation together with an occasional further limited duration Small Scale operation.
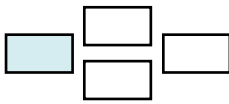
To ensure we have capable Service personnel, who are trained and able to deploy, we will drive improvements in the:

- medical fitness for task of Service personnel; and
- basic and key skills of Service personnel to meet both Operational need and broader Government targets.

Regular Service Personnel: Capable					
Sub-objective		2008/09	2009/10	2010/11	2011/12
Medical Fitness	Maximise the proportion of the Armed forces who are fully fit, with no medical restrictions, for employment in an operational capacity.	Greater than 89%	Greater than 89%	Greater than 89%	Greater than 89%
Individual personnel development	To minimise numbers who, after three years on trained strength, have not achieved level 1 qualification in literacy or numeracy as required by Armed Forces Basic Skills Policy. (Measured as percentage of trained strength)	0%[1]	0%[1]	0%[1]	0%[1]
	To minimise numbers who, after three years on trained strength, have not achieved Basic Stage 2 of Computer User Training Policy. (Measured as percentage of trained strength)	Less than 40%	Less than 20%	0%[1]	0%[1]
Delivery Responsibility	Deputy Chief of the Defence Staff (Personnel) and Deputy Chief of the Defence Staff (Health)				
Reporting Responsibility	Deputy Chief of Defence Staff (Personnel)				
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff				
(1) Though the target is 0%, we accept there will always be a handful of Service Personnel who are unable to meet these standards after 3 years.					

To ensure we have suitably motivated Service personnel, consistently willing to deliver operational effect, we will:

- aim to meet the harmony[15] guidelines set by the individual Services, accepting that the Services' ability to achieve these guidelines will be determined by the operational tempo;
- take appropriate measures to sustain our people and their families when Harmony guidelines cannot be met;
- ensure that the views and concerns of people about their career in the Armed Forces are understood by carrying out regular sampled surveys of attitudes to Service life; and
- prevent and deal effectively with sexual harassment in the Armed Forces.

15 Guidelines for the amount of time Service personnel spend away from their families and the time that units should have between operational deployments.
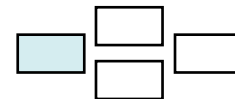
Regular Service Personnel: Motivated				
Sub-objectives	2008/09	2009/10	2010/11	2011/12
Achieve Royal Navy and Royal Marine targets for adherence to harmony guidelines: Individual Separated Service	No more than 660 days of Separated Service over a rolling 3 year period[1]			
Achieve Royal Navy and Royal Marine targets for adherence to harmony guidelines: Unit Tour Intervals	Fleet units to spend a maximum of 60% time deployed in a 3 year cycle			
Achieve Army targets for adherence to harmony guidelines: Individual Separated Service	No more than 415 days of Separated Service over a rolling 30 month period			
Achieve Army targets for adherence to harmony guidelines: Unit Tour Intervals	24 month average interval between unit tours following 6 months deployed on operations[2]			
Achieve Royal Air Force targets for adherence to harmony guidelines: Individual Separated Service	No more than 2.5% of RAF personnel to exceed 140 days Separated Service over a rolling 12 month period			
Achieve Royal Air Force targets for adherence to harmony guidelines: Unit Tour Intervals	Unit tour intervals to be no less than 16 months following 4 months deployed on operations[2]			
Delivery Responsibility	Chiefs of the Naval, General and Air Staff			
Reporting Responsibility	Deputy Chief of Defence Staff (Personnel)			
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff			

Notes
(1) With exceptions for a few specialist groups (for example Seaman Officers serving in Submarines in their first ten years of service) to meet operational requirements.
(2) System for reporting is currently under development.
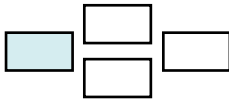
Reserve Service Personnel

Experience of operations over recent years has further emphasised the importance of Reserve Forces. During the period of this plan, we will seek to maintain overall manning at greater than 95% for trained reserves and we aspire to ensure that no reserves are called out for operations more than once every 5 years unless they volunteer to do so. A major review of the Reserves began on 1 April 2008, looking at how Reservists from across the three Services have been employed on current operations and their potential use in other roles.

Reserve Forces					
Sub-objective		2008/09	2009/10	2010/11	2011/12
Reserves manpower trained strength	Achieve Royal Navy Reserve trained strength within 5% of requirement	1784	1784	1784	1784
	Achieve Royal Marine Reserve trained strength within 5% of requirement	530	580	594	594
	Achieve Territorial Army trained strength within 5% of requirement	19,740	20,224	20,708	21,192
	Achieve Royal Auxiliary Air Force trained strength within 5% of requirement	1599	1734	1849	1947
Reserves manpower available for mobilisation	Monitor the capability to generate Reserve Forces for ongoing operations	Not Applicable – for monitoring purposes only			
Delivery Responsibility	Chiefs of the Naval, General and Air Staff				
Reporting Responsibility	Deputy Chief of Defence Staff (Personnel)				
Accountable TLB Holders	Chiefs of the Naval, General and Air Staff				
Note: These figures exclude the University Officer Training Corps and are subject to significant change from 2009/10 as a result of the current review into the Reserve forces. Figures are at the last day of the financial year.					
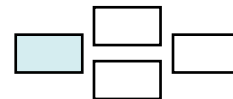
Civilian Workforce

In parallel with reductions in Armed Forces' numbers, the MOD's change and efficiency programmes will continue to reduce the size of the MOD's civil service and locally-engaged civilian workforce[16], whilst continuing to foster diversity in the workforce.

To ensure we have sufficient civilian personnel, we will:

● further reduce the civilian workforce whilst continuing to foster diversity;

Civilian Workforce: Sufficient						
Sub-objectives			2008/09	2009/10	2010/11	2011/12
Maintain progress towards civilian diversity targets	Black / Minority Ethnic Staff	SCS	0.5%	1%	1.5%	2%
		Band B	3%	3.5%	4%	4.5%
		Fast Stream	10.8%	10.8%	10.8%	10.8%
	Disabled Staff	SCS	4%	4.5%	5%	5.5%
		Band B	4%	4.5%	5%	5.5%
		Fast Stream	4.8%	4.8%	4.8%	4.8%
	Female Staff	SCS	14%	15%	17%	18%
		Band B	22%	24%	25%	27%
		Fast Stream	47.5%	50%	50%	50%
Delivery Responsibility			Personnel Director			
Reporting Responsibility			Personnel Director			
Accountable TLB Holders			All TLB Holders			

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16 As a result of changed working practices, organisational collocations and transfer of some functions to private sector.
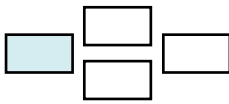
- ensure the civilian workforce is capable to undertake the tasks of today, ready for the tasks of tomorrow, preparing for the future and able to adapt well in adversity; and

Civilian Workforce: Capable						
Sub-objectives			2008/09	2009/10	2010/11	2011/12
Operational Posts[17]	Staff meet operational requirements		No major weaknesses reported by the Support to Operations team			
	Succession plans are adequate		No major weaknesses reported by the Support to Operations team			
Ability	Band B Assessment Centre Performance		At least 35% of successful candidates pass with an AC1 or AC2 marking[18]			
Refreshment	Maintain or improve rates of promotion	SCS	18	18	18	18
		Band B	90	90	90	90
		Band D	200	200	200	200
Delivery Responsibility			Personnel Director			
Reporting Responsibility			Personnel Director			
Accountable TLB Holders			All TLB Holders			

- ensure we have a suitably motivated civilian workforce.

Civilian Workforce: Motivated						
Sub-objectives			2008/09	2009/10	2010/11	2011/12
Engagement	Return employee commitment to pre Spending Review 2004 levels		65%	67%	68%	70%
Sick absence	Achieve a 2.5% per annum reduction in average working days lost to sick absence per Full Time Equivalent civilian[19].	MOD	8.60	8.43	8.30	8.18
		Non-Industrial	7.63	7.48	7.37	7.26
		Industrial	11.61	11.38	11.21	11.04
Delivery Responsibility			Personnel Director			
Reporting Responsibility			Personnel Director			
Accountable TLB Holders			All TLB Holders			

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17 Target is qualitative and based on a narrative assessment from the Support to Operations team.
18 Candidates at the Band B assessment centre are marked from AC1 to AC5. AC1,2 and 3 are the passing grades. AC4 and AC5 are the failing grades.
19 This scenario assumes some latitude in setting a target for sickness absence and recognises that a 2.5% year on year reduction in Average Working Days Lost is unlikely to be sustainable. It assumes reductions of 2.5% in year 1 followed by 2% in year 2 and 1.5% in years 3 and 4. The targets are the headline MOD figure, which is then split into non-industrial and industrial figures.
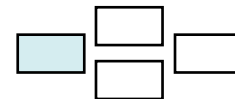
Finance and Value for Money

Objective: Maximise our outputs within allocated financial resources.

The 2007 Comprehensive Spending Review continues the longest period of sustained real increases in MOD expenditure in almost three decades by providing for 1.5 per cent average annual real growth over the three years to 2010-11. In addition to the planned expenditure accounted for in this three-year settlement, the Government will continue to meet the additional costs of military operations in Iraq, Afghanistan and elsewhere from the Treasury Reserve.

Financial Management

The Permanent Secretary, as Accounting Officer, is responsible to Parliament for managing the Department's resource consumption within budget limits, against a number of Parliamentary Controls and Treasury Departmental Expenditure Limits. Details of the resources available to Defence for the financial year 2008/09 are set out in Section IV of this plan.

During the period of this plan, we will contol our expenditure within allocated financial resources.

Financial Management				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Budget not overspent nor underspent by more than 1% against each individual Control Total	0% overspent 1% underspent			
Delivery Responsibility	Finance Director			
Reporting Responsibility	Finance Director			
Accountable TLB Holders	All TLB Holders			

Value for Money

In the 2007 Comprehensive Spending Review, the Government set out its intention to obtain better value for money from the delivery of public services[20]. As part of this, all Government Departments agreed to publish a Value for Money Delivery Agreement, setting out how this will be achieved over the Comprehensive Spending Review period (2008/09 to 2010/11).

In playing its part in Value for Money (VfM) delivery, the MOD will make at least £2.7Bn in net cash-releasing savings while operating within its public spending settlement. To ensure resources are delivered to front line priorities, cash-releasing savings may be generated in a number of ways including: continuing to improve efficiency in all aspects of defence business; by taking advantage of technological gains which improve the effects of modern weapons and delivery platforms; and by re-prioritisation of activities and capabilities within Defence.

> **2007 Comprehensive Spending Review Value for Money Target**
> **Under the Comprehensive Spending Review, the MOD is committed to value for money reforms generating annual net cash-releasing savings of £2.7 billion by 2010-11, building on savings of £2.8 billion during the 2004 Spending review period.**

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20 Ministry of Defence Comprehensive Spending Review 2007 Value for Money Delivery Agreement available at www.mod.uk
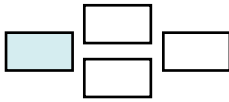
Over 25% of the Department's Value for Money achievements are expected to derive from major efficiency measures such as 5% real annual reductions over the Comprehensive Spending Review period in administration costs (primarily delivered by streamlining corporate services) and further reform in logistics delivery. Additional efficiencies, albeit on a smaller scale, will also be delivered through continued improvement in energy efficiency, and from the programme of normalisation in Northern Ireland. The Department will also make allocable savings within the defence programme. This means that to ensure a continued focus on the delivery of Departmental Strategic Objective outputs, we will take decisions to reallocate resources from lower priority areas. In all cases, the aim will be to achieve the performance indicators set in the Departmental Strategic Objectives.

Value for Money				
Sub-objective (figures are savings to be made in £M)	2008/09	2009/10	2010/11	2011/12
Deliver VFM Savings across the CSR07 period	900	1800	2700	-
Delivery Responsibility	Finance Director			
Reporting Responsibility	Director Defence Resources and Plans			
Accountable TLB Holders	All TLB Holders			

Estate

Objective: Maintain and develop estate infrastructure of the right capability, size and quality.

The MOD is one of the largest landowners in the UK with a diverse estate of some 240 000 hectares (about 1% of the UK land mass). Management of the majority of the Defence Estate in Great Britain is provided through a series of Regional Prime Contracts. As set out in the Defence Estate Strategy In Trust and On Trust[21], our aim is to have an estate of the right size and quality to support the delivery of Defence capability, providing high quality living conditions for our Service personnel, managed and developed effectively and efficiently in line with best practice and sensitive to social and environmental considerations, whilst continuing to invest in the Defence Estate for the future. The training estate is critical in delivering Defence outputs and is currently being reviewed by the Defence Training Estate Rationalisation Study.

The MOD is committed to providing high quality accommodation for Service personnel and their families and to the efficient management and maintenance of a built estate of the right capability and quality to deliver Defence outputs. Over the course of this plan we will:

● ensure that the Defence Estate is fit for purpose;
● deliver a range of improvement programmes covering Service Families Accommodation, Single Living Accommodation and the wider Defence Estate; and
● continue to improve the management of the Estate, including reducing the management margin of vacant housing stock in Defence Housing and selling sufficient of the current estate to meet the estate disposal target.

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21 The Defence Estate Strategy 2006 'In Trust and On Trust' available at www.mod.uk
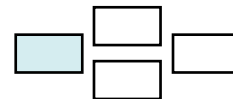
GB Estate					
Sub-objective		2008/09	2009/10	2010/11	2011/12
Meet the targets set in the Defence Estates Performance Plan	Proportion of Single Living Accommodation at Grade 1 for condition.	34%	39%	44%	48%
	Proportion of Service Families Accommodation at Standard 1 for condition[22].	59%	60%	64%	65%
	Proportion of other built estate Level 2 assets at or above target condition against 2007/08 baseline[23].	80%	82% (Cumulative)	84% (Cumulative)	86% (Cumulative)
Delivery Responsibility	Chief Executive Defence Estates, Relevant TLB holders				
Reporting Responsibility	Chief Executive Defence Estates, Relevant TLB holders				
Accountable TLB Holders	Chief Executive Defence Estates, Relevant TLB holders				

Overseas Estate [24]				
Sub-objective	2008/09	2009/10	2010/11	2011/12
Proportion of Single Living Accommodation to be at Grade 1 and 2	39%	44%	50%	58%
Proportion of Service Families Accommodation to be at Grade 1 and 2	Establish Baseline	Dependent on Baseline	Dependent on Baseline	Dependent on Baseline
Delivery Responsibility[25]	Chief Executive Defence Estates			
Reporting Responsibility	Chief Executive Defence Estates			
Accountable TLB Holders	Chief Executive Defence Estates, Chief of Joint Operations, Chief of the General Staff			

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22 59% figure for 80908/09 and subsequent year figures to be reviewed once DE survey of SFA complets Q1 08/09.
23 Average calculated from the Estate Planning Tool (EPT) data. Subject to change as more data is loaded into EPT and outcome of the 2008 Planning Round. Subject to change in the 2008 Planning Round.
24 Includes Northern Ireland.
25 Accountability for overseas estate delivery subject to transfer of budget from CJO and CGS to CE DE.

Section IV - The Government Expenditure Plan

Introductory notes and footnotes for GEP 2008/09

Table 1

Table 1 sets out, in resource terms, a summary of expenditure from 2002/03 to 2007/08, and the Defence Budget from 2008/09 to 2010/11. This is split into consumption of resources and capital spending. A detailed breakdown of each is provided at tables 2 and 3 respectively. The total Departmental spending is shown by Request for Resources (RfR), for the Department's two budgets. This is the Department's only document where the Ministry of Defence and Armed Forces Retired Pay and Pensions Estimates are reported together.

It shows Resource Budget, Capital Budget, total Departmental spending and near cash. Resource expenditure consists of operating cost items such as pay, equipment, support costs, fuel and administrative expenses. Also included are non-cash items such as depreciation, cost of capital and movements in the level of provisions. The total resource budget is the sum of Resource Departmental Expenditure Limit (Resource DEL[26]) and Resource Annually Managed Expenditure (Resource AME[27]). Capital expenditure consists of the purchase of fixed assets, income from the disposal of fixed assets and the repayment of the capital element of loans to trading funds. The total capital budget is the sum of Capital DEL[28] and Capital AME[29] .

The figures reported in last year's publication have been restated to take account of the Machinery of Government change for the transfer of Defence Exports Services Organisation to the Department of Business Enterprise and Regulatory Reform.

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26 Resource DEL is a control total on current costs

27 AME is a control total for programmes that are demand led such as pensions and exceptionally volatile items that cannot be controlled by the Department

28 Capital DEL is a control total on capital costs.

29 Capital AME is a control total on the capital element of the loans and repayments for self financing public corporations.

Consumption of Resources by Activity:	2002-03 Outturn Restated £'000	2003-04 Outturn Restated £'000	2004-05 Outturn Restated £'000	2005-06 Outturn Restated £'000	2006-07 Outturn Restated £'000	2007-08 Estimated Outturn £'000	2008-09 Plans £'000	2009-10 Plans £'000	2010-11 Plans £'000
Resource budget									
Resource DEL									
Provision of Defence Capability	35,344,649	30,143,079	30,377,555	32,406,129	32,042,452	33,547,935	33,533,755	35,171,403	36,708,947
Peace-Keeping and Operations	1,117,429	1,233,155	938,181	1,055,848	1,448,420	2,157,946	89,566	-	-
Total resource budget DEL	**36,462,078**	**31,376,234**	**31,315,736**	**33,461,977**	**33,490,872**	**35,705,881**	**33,623,321**	**35,171,403**	**36,708,947**
of which: Near-cash	19,981,351	21,359,690	21,846,830	22,726,231	23,451,825	24,746,855	22,913,382	23,740,464	24,464,008
Resource AME									
Provision of Defence Capability	1,668,011	200,052	55,883	-202,568	-518,452	204,405	-130,217	-146,505	-143,588
Armed Forces Pay and Pensions etc	3,317,558	3,481,851	3,302,397	4,314,545	4,398,961	5,580,928	5,869,365	6,237,852	6,654,387
War Pensions and Allowances etc	1,165,411	1,116,047	1,109,521	1,068,595	1,038,073	1,014,126	1,015,090	991,815	964,403
Total resource budget AME	**6,150,980**	**4,797,950**	**4,467,801**	**5,180,572**	**4,918,582**	**6,799,459**	**6,754,238**	**7,083,162**	**7,475,202**
of which: Near-cash	2,493,190	2,442,614	2,562,068	2,546,264	2,749,002	2,967,819	2,828,112	2,828,972	2,838,483
Total resource budget	**42,613,058**	**36,174,184**	**35,783,537**	**38,642,549**	**38,409,454**	**42,505,340**	**40,377,559**	**42,254,565**	**44,184,149**
of which: depreciation	13,259,287	6,312,665	5,039,113	6,586,666	6,608,925	7,601,511	7,422,480	7,991,003	8,687,436
Capital budget									
Capital DEL									
Provision of Defence Capability	5,795,992	5,741,250	6,526,781	6,198,939	6,721,565	6,938,680	7,870,896	8,186,928	8,870,854
Peace-Keeping and Operations	318,690	260,275	173,842	211,243	348,198	836,358	-	-	-
Total capital budget DEL	**6,114,682**	**6,001,525**	**6,700,623**	**6,410,182**	**7,069,763**	**7,775,038**	**7,870,896**	**8,186,928**	**8,870,854**
Capital AME									
Provision of Defence Capability	-49,900	-4,214	-	-	12,843	-709,000	-	-	-
Total capital budget AME	**-49,900**	**-4,214**	**-**	**-**	**12,843**	**-709,000**	**-**	**-**	**-**
Total capital budget	**6,064,782**	**5,997,311**	**6,700,623**	**6,410,182**	**7,082,606**	**7,066,038**	**7,870,896**	**8,186,928**	**8,870,854**
Total departmental spending†									
Provision of Defence Capability	29,612,455	29,919,917	31,994,036	31,874,924	31,703,332	32,592,715	33,851,954	35,220,823	36,748,777
Armed Forces Pay and Pensions etc	3,317,558	3,481,851	3,302,397	4,314,545	4,398,961	5,580,928	5,869,365	6,237,852	6,654,387
War Pensions and Allowances etc	1,165,411	1,116,047	1,109,521	1,068,595	1,038,073	1,014,126	1,015,090	991,815	964,403
Peace-Keeping and Operations	1,323,129	1,341,015	1,039,093	1,208,001	1,742,769	2,782,098	89,566	-	-
Total departmental spending†	**35,418,553**	**35,858,830**	**37,445,047**	**38,466,065**	**38,883,135**	**41,969,867**	**40,825,975**	**42,450,490**	**44,367,567**
of which:									
Total DEL	29,317,473	31,076,116	32,977,246	33,285,493	33,963,966	35,951,268	34,075,771	35,371,385	36,896,855
Total AME	6,101,080	4,782,714	4,467,801	5,180,572	4,919,169	6,018,599	6,750,204	7,079,105	7,470,712

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

Footnotes to Table:

1. In 2002/03 Provision of Defence Capability includes an unusually large increase in non-cash expenditure in line with asset management policy agreed with Her Majesty's Treasury.

2. The Estimated outturn for 2007/08 is based on the Department's forecast position at the end of March 2008. There will be subsequent adjustments due to audit of accounts.

3. Peace-Keeping and Operations (RfR2) fluctuate significantly due to changes in demand for military involvement in such activities. With the exception of the Programme Pool, Balkan costs and the Stabilisation Fund, where provision is sought each year through Main Estimate, RfR2 is sought through Supplementary Estimate.

4. Since 2005/06 the costs of providing Armed Forces Pay & Pensions has been accounted for in accordance with Financial Reporting Standard 17. In 2007/08 the increase was due to the change in the Treasury Discount Rates for Pensions.

5. From 2008/09 Resource DEL includes cash release of provisions.

Table 2

Table 2 provides a breakdown of the Department's resource outturn from 2002/03 to 2007/08, and the Defence Budget from 2008/09 to 2010/11, by Request for Resources (RfR) and by Top Level Budget Holder (TLB) in their functional groups. The figures are shown net of receipts.

The figures reported in last year's publication have been restated to take account of the Machinery of Government change for the transfer of Defence Exports Services Organisation to the Department of Business Enterprise and Regulatory Reform.

Consumption of Resources by Activity:	2002-03 Outturn Restated £'000	2003-04 Outturn Restated £'000	2004-05 Outturn Restated £'000	2005-06 Outturn Restated £'000	2006-07 Outturn Restated £'000	2007-08 Estimated Outturn £'000	2008-09 Plans £'000	2009-10 Plans £'000	2010-11 Plans £'000
Resource DEL									
Provision of Defence Capability	**35,344,649**	**30,143,079**	**30,377,555**	**32,406,129**	**32,042,452**	**33,547,935**	**33,533,755**	**35,171,403**	**36,708,947**
Commander-in-Chief Fleet	4,416,927	3,037,456	3,325,192	3,304,503	1,772,195	1,826,418	2,171,671	1,900,859	2,003,914
2nd Sea Lord / Commander-in-Chief Naval Home Command	624,107	592,796	684,288	667,076	-	-	-	-	-
Commander-in-Chief Land Command	4,637,378	4,461,680	4,576,406	4,872,589	3,535,208	4,678,851	6,471,712	6,120,296	6,389,824
Adjutant General (Personnel and Training Command)	1,512,891	1,524,720	1,528,481	1,706,155	1,599,955	869,454	-	-	-
General Officer Commanding (Northern Ireland)	617,349	568,242	531,495	498,011	298,752	-	-	-	-
Commander-in-Chief Strike Command	4,303,082	3,133,449	3,182,837	3,735,269	1,633,171	2,241,513	2,734,478	2,463,240	2,353,063
Commander-in-Chief Personnel and Training Command	925,480	861,609	973,155	770,291	622,361	-	-	-	-
Chief of Joint Operations	454,912	466,687	491,960	509,331	332,285	395,633	437,394	376,544	389,778
Central	4,359,261	4,663,999	5,563,982	5,134,022	4,173,133	4,446,307	4,057,955	4,653,441	4,391,707
Defence Estates	-	-	-	1,127,929	2,666,816	2,554,016	2,324,362	2,686,032	2,931,787
Defence Equipment & Support Agency	-	-	-	-	-	15,993,474	14,712,464	16,295,569	17,609,315
Defence Procurement Agency	2,807,275	2,848,906	2,542,345	2,266,978	2,302,796	-	-	-	-
Chief of Defence Logistics	10,261,169	7,565,041	6,470,145	7,315,114	12,584,338	-	-	-	-
Science Innovation Technology	424,818	418,494	507,269	498,861	521,442	542,269	621,427	675,422	639,559
Peace-Keeping and Operations	**1,117,429**	**1,233,155**	**938,181**	**1,055,848**	**1,448,420**	**2,157,946**	**89,566**	**-**	**-**
of which:									
Peace-Keeping and Operations	1,117,429	1,233,155	938,181	1,055,848	1,448,420	2,157,946	89,566	-	-
Total resource budget DEL	**36,462,078**	**31,376,234**	**31,315,736**	**33,461,977**	**33,490,872**	**35,705,881**	**33,623,321**	**35,171,403**	**36,708,947**
of which:									
Near-cash	19,981,351	21,359,690	21,846,830	22,726,231	23,451,825	24,746,855	22,913,382	23,740,464	24,464,008
of which:†									
Pay	10,017,830	10,684,600	10,753,867	11,209,075	11,260,877	11,290,818	10,829,697	11,077,470	11,460,053
Procurement	9,756,379	10,533,053	10,920,390	11,397,228	12,083,898	12,900,760	11,885,536	12,466,911	12,807,657
Current grants and subsidies to the private sector and abroad	186,212	129,857	164,108	128,548	141,578	152,667	182,883	183,072	184,848
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	13,259,287	6,301,643	5,039,113	6,586,666	6,596,669	7,529,651	7,418,446	7,986,946	8,682,946
Resource AME									
Provision of Defence Capability	**1,668,011**	**200,052**	**55,883**	**-202,568**	**-518,452**	**204,405**	**-130,217**	**-146,505**	**-143,588**
of which:									
Commander-in-Chief Fleet	-8,771	-1,516	1,110	35,727	-	-	-	-	-

Table 2: Resource budget DEL and AME

General Officer Commanding (Northern Ireland)	-427	-	-	-	-	-	-	-	-
Chief of Joint Operations	-	5,106	-3,147	-	9,200	-	-	-	-
Central	79,220	20,178	1,164	-2,175	231	-14	-12	-12	-12
Defence Estates	-	-	-	-	-	36,337	-	-	-
Defence Equipment & Support Agency	-	-	-	-	-	162,082	-130,205	-146,493	-143,576
Defence Procurement Agency	1,463,014	175,435	33,694	-239,733	-566,367	-	-	-	-
Chief of Defence Logistics	134,975	849	23,062	3,613	38,484	-	-	-	-
Armed Forces Pay and Pensions etc	**3,317,558**	**3,481,851**	**3,302,397**	**4,314,545**	**4,398,961**	**5,580,928**	**5,869,365**	**6,237,852**	**6,654,387**
of which:									
Armed Forces Pay and Pensions etc	3,317,558	3,481,851	3,302,397	4,314,545	4,398,961	5,580,928	5,869,365	6,237,852	6,654,387
War Pensions and Allowances etc	**1,165,411**	**1,116,047**	**1,109,521**	**1,068,595**	**1,038,073**	**1,014,126**	**1,015,090**	**991,815**	**964,403**
of which:									
War Pensions and Allowances etc	1,165,411	1,116,047	1,109,521	1,068,595	1,038,073	1,014,126	1,015,090	991,815	964,403
Total resource budget AME	**6,150,980**	**4,797,950**	**4,467,801**	**5,180,572**	**4,918,582**	**6,799,459**	**6,754,238**	**7,083,162**	**7,475,202**
of which:									
Near-cash	2,493,190	2,442,614	2,562,068	2,546,264	2,749,002	2,967,819	2,828,112	2,828,972	2,838,483
of which:†									
Pay	-	-	8,097	-	-	-			
Procurement	-	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	1,165,010	1,116,109	1,109,506	1,064,746	1,038,574	1,014,126	1,015,152	991,721	964,307
Current grants to local authorities	-	-	-	-	-	-	-	-	-
Depreciation	-	11,022	-	-	12,256	71,860	4,034	4,057	4,490
Total resource budget	**42,613,058**	**36,174,184**	**35,783,537**	**38,642,549**	**38,409,454**	**42,505,340**	**40,377,559**	**42,254,565**	**44,184,149**

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

Footnotes:

1. During 2006/07 the Department centralised fixed asset management under four single balance sheet owners, which are now held within two TLBs; Defence Estates (DE) and Defence Equipment and Support (DE&S). This has affected the Indirect Resource DEL attribution between the TLBs when compared to last year's Expenditure Plan.

2. In 2006/07 the two Royal Navy TLBs, Commander in Chief Fleet and 2nd Sea Lord were combined into a single TLB called 'Fleet'. Balances for prior years are shown against the old organisations.

3. From 2007/08 the General Officer Commanding Northern Ireland TLB and elements of the Adjutant General's TLB have been included in Land TLB. Balances for prior years are shown against the old organisations.

4. From 2007/08 The Defence Procurement Agency and the Defence Logistics Organisation have been merged to form Defence Equipment and Support. Balances for prior years are shown against the old organisations.

5. Peace-Keeping & Operations (RfR2) fluctuate significantly due to changes in demand for military involvement in such activities. With the exception of the Programme Pool, Balkan costs and the Stabilisation Fund, where provision is sought each year through Main Estimate, RfR2 is sought through Supplementary Estimate.

6. This small table gives a summary of the major costs shown in the Resource DEL table.

7. Since 2005/06 the costs of providing Armed Forces Pay & Pensions has been accounted for in accordance with Financial Reporting Standard 17. In 2007/08 the increase was due to the change in the Treasury Discount Rates for Pensions.

8. This small table gives a summary of the major costs shown in the Capital DEL table.

9. From 2008/09 Resource DEL includes cash release of provisions.

Table 3

Table 3 provides a breakdown of the Department's capital spending plans for 2002/03 to 2010/11, by Request for Resources (RfR) and by Top Level Budget Holder (TLB) in their functional groups. The figures are shown net of receipts.

The figures reported in last year's publication have been restated to take account of the Machinery of Government change for the transfer of Defence Exports Services Organisation to the Department of Business Enterprise and Regulatory Reform.

Table 3: Capital Budget DEL and AME

Capital spending by Activity:	2002-03 Outturn Restated £'000	2003-04 Outturn Restated £'000	2004-05 Outturn Restated £'000	2005-06 Outturn Restated £'000	2006-07 Outturn Restated £'000	2007-08 Estimated Outturn £'000	2008-09 Plans £'000	2009-10 Plans £'000	2010-11 Plans £'000
Capital DEL									
Provision of Defence Capability	**5,795,992**	**5,741,250**	**6,526,781**	**6,198,939**	**6,721,565**	**6,938,680**	**7,870,896**	**8,186,928**	**8,870,854**
of which:									
Commander-in-Chief Fleet	15,941	37,391	17,000	24,136	13,893	-567	25,111	94,353	55,430
2nd Sea Lord / Commander-in-Chief Naval Home Command	15,749	28,390	23,000	10,978	-	-	-	-	-
Commander-in-Chief Land Command	30,132	185,673	153,000	60,489	75,441	120,311	261,758	385,116	324,264
Adjutant General (Personnel and Training Command)	24,820	28,996	22,345	18,081	15,684	-18,353	-	-	-
General Officer Commanding (Northern Ireland)	108,208	43,329	28,000	5,585	2,371	-	-	-	-
Commander-in-Chief Strike Command	68,544	40,367	28,000	18,420	7,083	1,500	111,675	128,992	139,106
Commander-in-Chief Personnel and Training Command	14,973	18,123	24,000	13,538	10,865	-	-	-	-
Chief of Joint Operations	28,429	27,643	25,967	18,609	4,322	34,095	68,258	116,786	43,524
Central	-101,450	-164,939	281,774	-368,056	48,012	42,303	74,973	99,121	106,532
Defence Estates	-	-	-	125,822	90,777	50,126	18,366	-126,079	-183,237
Defence Equipment & Support Agency	-	-	-	-	-	6,708,906	7,310,755	7,488,639	8,385,235
Defence Procurement Agency	4,381,242	4,295,538	4,614,557	5,252,492	5,283,045	-	-	-	-
Chief of Defence Logistics	1,209,404	1,200,739	1,309,138	1,018,845	1,169,954	-	-	-	-
Science Innovation Technology	-	-	-	-	118	359	-	-	-
Peace-Keeping and Operations	**318,690**	**260,275**	**173,842**	**211,243**	**348,198**	**836,358**	**-**	**-**	**-**
of which:									
Peace-Keeping and Operations	318,690	260,275	173,842	211,243	348,198	836,358	-	-	-
Total capital budget DEL	**6,114,682**	**6,001,525**	**6,700,623**	**6,410,182**	**7,069,763**	**7,775,038**	**7,870,896**	**8,186,928**	**8,870,854**
of which:									
Capital expenditure on fixed assets net of sales†	6,109,358	6,006,151	6,774,353	6,798,660	7,073,547	7,845,647	7,856,170	8,186,928	8,870,854
Capital grants to the private sector and abroad	-	-	-	-	-	-	-	-	-
Net lending to private sector	-	-	-	-	-	-	-	-	-
Capital support to public corporations	5,324	-4,626	-73,730	-75,567	-4,080	-70,108	14,726	-	-
Capital support to local authorities††	-	-	-	-	-	-	-	-	-

Capital AME									
Provision of Defence Capability	**-49,900**	**-4,214**	**-**	**-**	**12,843**	**-709,000**	**-**	**-**	**-**
of which:									
Central	-49,900	-4,214	-	-	-	-	-	-	-
Defence Estates	-	-	-	-	-	-709,000	-	-	-
Defence Procurement Agency	-	-	-	-	12,843	-	-	-	-
Total capital budget AME	**-49,900**	**-4,214**	**-**	**-**	**12,843**	**-709,000**	**-**	**-**	**-**
Total capital budget	**6,064,782**	**5,997,311**	**6,700,623**	**6,410,182**	**7,082,606**	**7,066,038**	**7,870,896**	**8,186,928**	**8,870,854**
Of which:									
Capital expenditure on fixed assets net of sales†	6,109,358	6,006,151	6,774,353	6,798,660	7,073,547	7,845,647	7,856,170	8,186,928	8,870,854
Less depreciation†††	13,259,287	6,312,665	5,039,113	6,586,666	6,608,925	7,601,511	7,422,480	7,991,003	8,687,436
Net capital expenditure on tangible fixed assets	-7,149,929	-306,514	1,735,240	211,994	464,622	244,136	433,690	195,925	183,418

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.
†† This does not include loans written off by mutual consent that score within non-cash Resource Budgets.
††† Included in Resource Budget.

Footnotes:

1. In 2006/07 the two Royal Navy TLBs, Commander in Chief Fleet and 2nd Sea Lord were combined into a single TLB called 'FLEET'. Balances for prior years are shown against the old organisations.

2. From 2007/08 the General Officer Commanding Northern Ireland TLB and elements of the Adjutant General's TLB have been included in Land TLB. Balances for prior years are shown against the old organisations.

3. From 2007/08 the Defence Procurement Agency and the Defence Logistics Organisation have been merged to form Defence Equipment and Support. Balances for prior years are shown against the old organisations.

4. The figure for Defence Estates is negative, because the planned disposal receipts are higher than planned expenditure.

5. Peace-Keeping and Operational costs fluctuate significantly due to changes in demand for military involvement in such activities. With the exception of the Programme Pool, Balkan costs and the Stabilisation Fund, where provision is sought each year through Main Estimate, RfR2 is sought through Supplementary Estimate.

Table 4

Table 4 sets out total capital employed by the Department.

At the time of print, forecast outturn figures are not available for 2007/08; we have published the provisional capital employed at 31 March 2007. There may be subsequent adjustments once the department's accounts have been auidited. Figures for 2008 to 20011 are based on current Departmental plans.

Table 4: MOD Capital Employed

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

£M Assets on Balance Sheet:	Notes	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn at March 2008	2008-09 Plans	2009-10 Plans	2010-11 Plans
Fixed Assets		**86,312**	**87,345**	**92,630**	**95,272**	**99,263**	**105,205**	**106,322**	**109,244**	**112,216**
of which:										
Land and Buildings		15,342	15,299	18,122	18,457	18,433	19,774	19,863	19,861	19,903
Single Use Military Equipment		26,526	27,157	30,565	31,489	34,244	35,859	36,293	37,367	37,748
Plant, Machinery and Vehicles		4,296	3,453	3,475	3,274	2,649	1,755	1,660	1,655	1,533
IT and Communications Equipment		814	897	1,033	986	1,134	1,107	1,146	1,241	1,341
Assets under Construction		12,511	13,177	12,457	13,657	13,793	14,960	15,292	16,555	18,680
Transport	1	-	-	3,982	3,912	4,347	4,612	4,387	4,508	4,599
Capital Spares	2	6,955	6,754	-	-	-	-	-	-	-
Intangible Assets		19,438	20,187	22,648	22,983	24,163	26,701	27,205	27,572	27,918
Investments		430	421	347	514	500	437	476	484	493
Current assets		**7,955**	**9,306**	**9,405**	**9,991**	**9,032**	**9,775**	**7,860**	**7,676**	**7,523**
of which:										
Stock & work in progress		5,337	6,318	6,095	6,052	5,321	5,289	5,353	5,392	5,456
Debtors		2,202	2,676	2,871	2,921	3,237	3,994	2,697	2,514	2,340
Cash at bank and in hand		416	312	438	1,018	474	491	-189	-230	-273
Creditors (< 1 year)	3	**-5,384**	**-5,663**	**-6,076**	**-6,449**	**-6,739**	**-8,106**	**-4,629**	**-4,870**	**-5,281**
Creditors (> 1 year)		**-450**	**-452**	**-810**	**-1,058**	**-975**	**-1,143**	**-699**	**-776**	**-885**
Provisions		**-6,994**	**-9,389**	**-9,503**	**-6,275**	**-5,772**	**-5,853**	**-4,828**	**-4,843**	**-4,905**
Capital employed within										
Main Department		**81,439**	**81,147**	**85,645**	**91,481**	**94,810**	**99,878**	**104,025**	**106,431**	**108,668**
NDPBs' Net Assets (Royal Hospital Chelsea)		331	331	339	336	343	343	343	343	343
Total capital employed in departmental group		**81,770**	**81,478**	**85,984**	**91,817**	**95,153**	**100,220**	**104,368**	**106,773**	**109,011**

Footnotes:

1. From 2004/05 Transport has been recorded as a separate category.

2. From 2004/05 Capital Spares has not been recorded as a separate category and costs are now included within either Transport or Fighting Equipment.

3. Includes PFI contracts

Table 5

Table 5 sets out Administration expenditure.

MOD has included this table for the first time this year as a result of the Comprehensive Spending Review setting Administration Costs Budget.

The Estimated outturn for 2007/08 is based on the Department's forecast position at the end of March 2008.

	2002-03 Outturn £'000	2003-04 Outturn £'000	2004-05 Outturn £'000	2005-06 Outturn £'000	2006-07 Outturn £'000	2007-08 Estimated Outturn £'000	2008-09 Plans £'000	2009-10 Plans £'000	2010-11 Plans £'000
Administration Expenditure									
Paybill	2,053,862	2,137,233	2,560,163	2,616,612	2,356,948	2,358,579			
Other	-	-	-	-	-	-7,180			
Total administration expenditure	**2,053,862**	**2,137,233**	**2,560,163**	**2,616,612**	**2,356,948**	**2,351,399**	**2,294,141**	**2,238,282**	**2,183,778**
Administration income	-	-	-	-	-	-	-	-	-
Total administration budget	**2,053,862**	**2,137,233**	**2,560,163**	**2,616,612**	**2,356,948**	**2,351,399**	**2,294,141**	**2,238,282**	**2,183,778**
Analysis by activity									
Provision of Defence Capability	2,053,862	2,137,233	2,560,163	2,616,612	2,356,948	2,351,399	2,294,141	2,238,282	2,183,778
Total administration budget	**2,053,862**	**2,137,233**	**2,560,163**	**2,616,612**	**2,356,948**	**2,351,399**	**2,294,141**	**2,238,282**	**2,183,778**