



MINISTRY OF DEFENCE

MOD Public Service Agreement

Quarter 3 Performance Report

2009-10



Introduction

This report shows performance over the period 1 October to 31 December 2009 against the Departmental Strategic Objectives agreed in the 2007 Comprehensive Spending Review. Progress against Performance Indicators (PIs) 1.1 and 2.1 contribute to performance against the Foreign and Commonwealth Office-led Public Service Agreement on Conflict. PI 1.1 also contributes to the Home Office-led Public Service Agreement on Counter Terrorism.

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.

Overall Assessment: *Some progress – In Iraq, the UK Training and Maritime Support Agreement came into force, and Command and Control was consolidated into a single headquarters. While the development of the indigenous Afghan forces is in line with endorsed targets, the security situation remains serious.*

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.

Performance: *Some progress: Programmed Readiness improved very slightly over the reporting period.*

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

Performance: *Some progress. The Army remains within Manning Balance and the RN has moved into Manning Balance. The RAF continues to move closer to Manning Balance.*

Overall Assessment: *Some progress. Readiness for contingent operations remains unchanged. The Army and RN are within Manning Balance and the RAF are forecasting a return to Manning Balance by the end of the financial year.*

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; the full operational capability date; and in year variation of forecast costs for design, manufacture and support.

Performance: *Two sub indicators suggest targets will be met, and a third is suggesting a low level of risk at not meeting its target.*

PI 3.2: **Procuring and supporting military non-equipment capability, through life**, assessed against achievement of targets for Key User Requirement, Full Operational Capability date, and in year variation of forecast costs.

Performance: *Not reported against during this period.*

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

Performance: *Not reported against during this period.*

Overall Assessment: *No progress. Two sub indicators are not reported against this period, with the remaining indicator not showing significant progress.*

Value for Money

Under the Comprehensive Spending Review, the MOD is committed to value for money reforms generating annual net cash-releasing savings of £3.15 billion by 2010-2011 (raised by £450M at Budget 2009), building on savings of £2.7 billion during the 2004 Spending Review period.

Overall Assessment: Not reported against during this period.

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.

Overall DSO Assessment

Some progress – In Iraq, the UK Training and Maritime Support Agreement came into force, and Command and Control was consolidated into a single headquarters. While the development of the indigenous Afghan forces is in line with endorsed targets, the security situation remains serious.

Progress is being made against the military strategic objectives underpinning the UK's current operations and military tasks:

- The UK Training and Maritime Support Agreement entered into force on 22 November 2009, providing the legal basis for UK military personnel to return to Iraq in order to train the Iraqi Navy at Umm Qasr and to protect the Iraqi oil platforms and territorial waters. The Royal Navy is working alongside US colleagues to deliver this training and operational support. Under NATO's separate legal agreement, the UK is also contributing to Iraqi officer education and training at Ar Rustimayah near Baghdad. Overall levels of violence have reduced dramatically in Iraq throughout 2009, but significant high-profile attacks have continued as the country looks towards national elections in March 2010.
- Progress continues to be made in Afghanistan, but it is slow and the situation remains serious. In Helmand, HM Armed Forces and the UK Civil-Military Mission have been executing the counter-insurgency strategy set out by COMISAF in his campaign review. We have brought two major population centres back under government control and we are steadily re-establishing the security needed for governance to take hold. As security grows, so does confidence – as demonstrated by the increasing volume of economic activity and the re-opening of schools in central Helmand. The Afghan National Security Forces (ANSF) are also making progress towards being able to take more and more responsibility for security in Afghanistan, with the Army growing steadily towards its then target strength of 134,000 by October 2010. (This target was reviewed in January 2010 and the new agreed target for the ANSF is over 300,000 by the end of 2011). The indications are that Afghans want a normal life. Recent polling for the BBC and ABC shows that 90% of Afghans do not want the repressive Taliban regime back. In Helmand it is estimated that over 40,000 farmers have participated in Governor Mangal's programme to grow wheat seed instead of opium, and school enrolment in the province has risen by 18% since December 2008.

Iraq

Between October and December 2009, UK Armed Forces deployed in Iraq (Operation TELIC):

- resumed their work training the Iraqi Navy at Umm Qasr and protecting Iraqi oil platforms and territorial waters as part of the UK Training and Maritime Support Agreement.
- continued to provide training and education to Iraqi Armed Forces' officers as part of the NATO Training Mission – Iraq (NTM-I); subject to a separate NATO-Iraq agreement.



The entry into force of the UK Training and Maritime Support Agreement on 22 November marked the transition from a mission focused on large-scale support to the Iraqi Security Forces' operations in Basra to a normalised bilateral defence relationship in line with UK strategic objectives. Since the entry into force of the Agreement a team of around 70 Royal Navy personnel have been maintained in Umm Qasr helping to develop the capacity of the Iraqi Navy until it is fully operational and able to ensure the security of its territorial waters and two off-shore oil platforms. Notable progress during the period included the transition of the KAAOT oil platform point defences on 1 December, with the Iraqi Navy now meeting the requirement to generate two patrol units 24 hours a day.

Separately the UK's lead for the NATO Iraqi officer training and education programme continued to follow a 'train the trainer' approach with the aim of creating a self-sustaining Iraqi officer training capacity. During the period a training team of around 30 UK personnel have contributed British expertise to this strategically important area.

The security situation over the period has been stable despite militants maintaining the ability to launch high-profile attacks against the state, such as the Baghdad bombings on 8 December which killed over 100 Iraqis.

Afghanistan

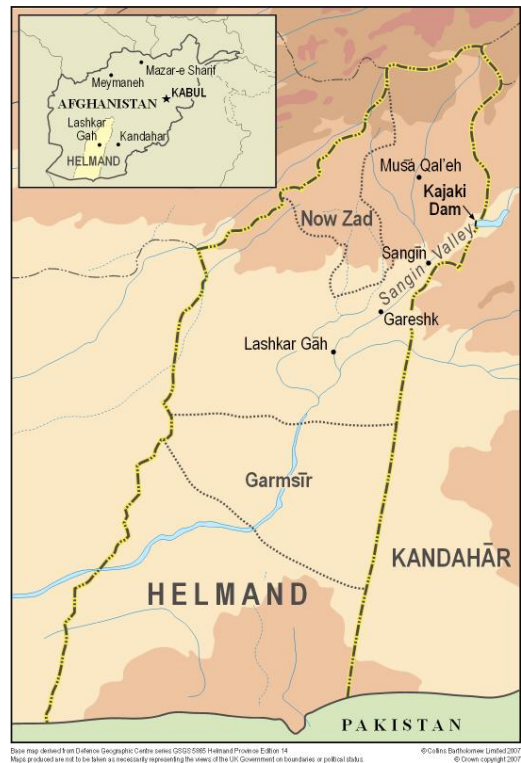
Between 1 October and 31 December 2009, UK Armed Forces deployed in Afghanistan to contribute to the NATO-led International Security Assistance Force (ISAF) efforts to support the elected Government of Afghanistan, as it expanded and consolidated its authority across the country.

At the start of this period 19 Light Brigade transferred authority in Helmand Province to 11 Light Brigade. The RAF's fleet of Tristar aircraft continued working to maximum capacity to achieve the Relief in Place. Hard work by all on the air-bridge have kept any delays to a minimum; and overall the operation was assessed to be a success.

The principal mission of British forces during the period was the consolidation of the success already achieved in Central Helmand during operations such as PANCHAI PALANG (Panther's Claw) whilst maintaining pressure on the insurgency.

As the insurgents fail to defeat ISAF and ANSF forces in direct combat, they are turning more and more to their tactics of laying Improvised Explosive Devices. This threat is being mitigated, in part, by the deployment of improved Personal Protection Vehicles to theatre with more than 60 soldiers from 3rd Battalion The Yorkshire Regiment (3 YORKS) and The King's Royal Hussars (KRH) deploying to Afghanistan in October and November for the vital role of transporting troops and protecting large convoys in Helmand province. This threat is also being mitigated by the RAF's Tornado GR4 aircraft and their enhanced surveillance pods being used to provide high definition coverage over large areas.

On 14 October 2009 the Prime Minister agreed, subject to a number of conditions, to an increase in the enduring UK force levels from 9,000 to 9,500. On 30 November, the Prime Minister announced these conditions had been met and agreed to the deployment of the additional 500 troops. The majority of these were drawn from 1st Battalion The Royal Welsh (The Royal Welch Fusiliers) and they began deploying to Helmand province in December 2009.



Their deployment will help ISAF forces in Helmand meet a key element of the approach set out by COMISAF – ‘Embedded Partnering’. This method of operating should see Afghan National Security Forces and ISAF Forces conducting operations under a more integrated structure with Afghan forces being 'partnered' at every level of command.

On 1 November 2009 the UK took over leadership from the Netherlands of ISAF's Regional Command South (RC(S)). Major General Nick Carter will command around over 35,000 troops in RC(S) for the twelve months.

Elsewhere in the world, UK Armed Forces:

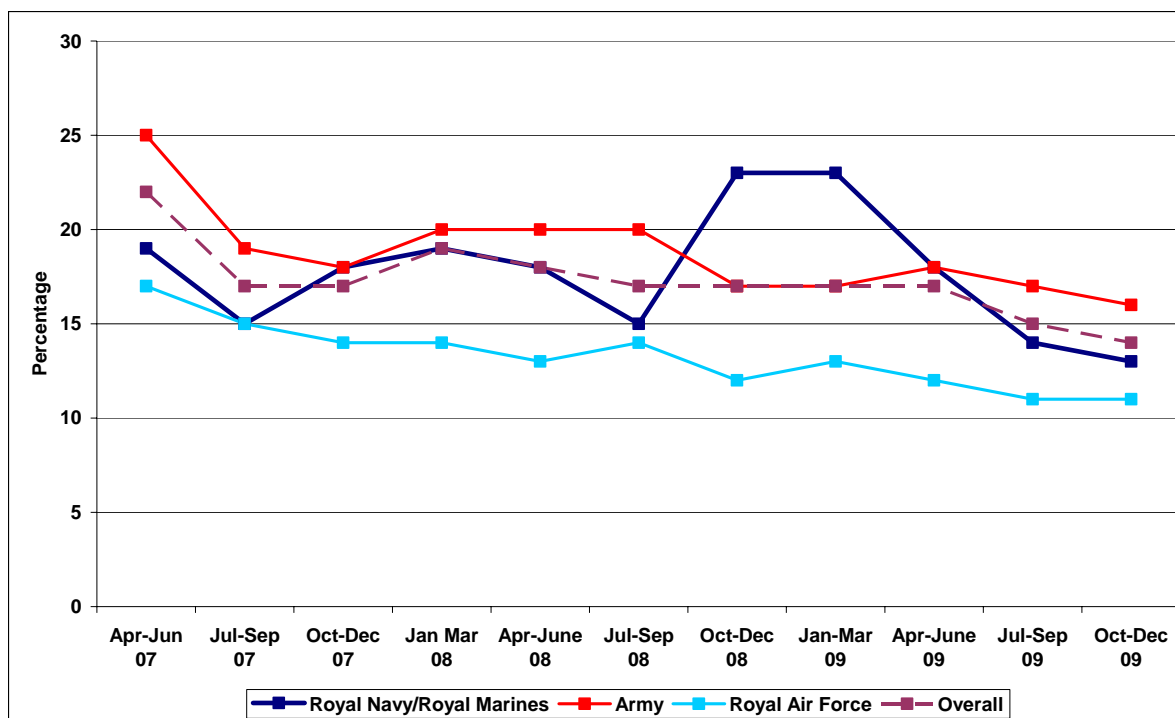
- remain deployed in the Balkans (Sarajevo) in small numbers 11 personnel;
- are undertaking UN operations; Cyprus (260), Democratic Republic of Congo (7), Sudan (2) and EU African Mission in Sudan/Darfur (AMIS) (2). In total, some 271 personnel;
- have met standing commitments, with forces based in Cyprus (some 2,384 personnel), the Falkland Islands and Ascension Island (some 1,104 personnel), Gibraltar (some 126 personnel) and British Indian Ocean Territories (some 37 personnel);

- have contributed to the NATO standing naval presence in the Atlantic and Mediterranean;
- have maintained the UK's independent nuclear deterrent; and continued to protect UK airspace and waters and provide support to the civil authorities in search and rescue, fishery protection, bomb disposal and counter-drugs activities;
- have continued to contribute to HMG's counter-terrorism strategy by delivering military advice and assistance across all four strands (Pursue, Protect, Prepare, Prevent), including training assistance to a number of high priority countries in capabilities such as land and maritime border security, counter-terrorist detention, public order, and aviation security; and
- have maintained UK led counter-piracy operations off the Horn of Africa as part of NATO, EU and coalition initiatives as well as helping protect World Food Programme shipping.

Activity Levels

Between 1 October and 31 December 2009, 13% of the Royal Navy (14% in the previous quarter), 16% of the Army (17% in the previous quarter) and 11% of the RAF (unchanged) were deployed on operations or undertaking other Military Tasks. In total, some 14% of regular Armed Forces (measured as man-day equivalents for each service) were deployed on operations or undertaking other Military Tasks (15% in the previous quarter). The slight reductions were due to the completion of the baulk period for Exercise TAURUS 2.09 – a Naval capability generation and capacity building Global Task Group deployment – an uplift in overall Army trained strength (increased by circa 1,000) and a reduction in personnel contributing to Security Co-operation (some reduced Training Teams, Loan Service and Defence Sections).

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



A detailed breakdown of the proportion of the Armed Forces deployed on operations or undertaking other Military Tasks is below.

Deployed on Contingent Operations				Undertaking Military Tasks				
	Jan-Mar 09	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09	Jan-Mar 09	Apr-Jun 09	Jul-Sep 09	Oct-Dec 09
Royal Navy	12%	5%	5%	5%	11%	13%	9%	8%
Army	9%	11%	10%	9%	8%	7%	7%	7%
Royal Air Force	7%	6%	5%	5%	6%	6%	6%	6%
Overall	9%	8%	8%	7%	8%	9%	7%	7%

The table reflects numbers of personnel deployed or undertaking other Military Tasks. In the case of deployment on contingent operations, for each person deployed there will usually be at least two other people committed either preparing to deploy, or recovering from deployment. In addition, there are large numbers of personnel in direct support of military operations and tasks including intelligence gathering, provision of medical support and the procurement of equipment to meet urgent operational requirements.

DEFENCE STRATEGIC OBJECTIVE 2: Be ready to respond to the tasks that might arise:

Overall DSO Assessment

Some progress. Readiness for contingent operations remains unchanged. The Army and RN are within Manning Balance and the RAF are forecasting a return to Manning Balance by the end of the financial year.

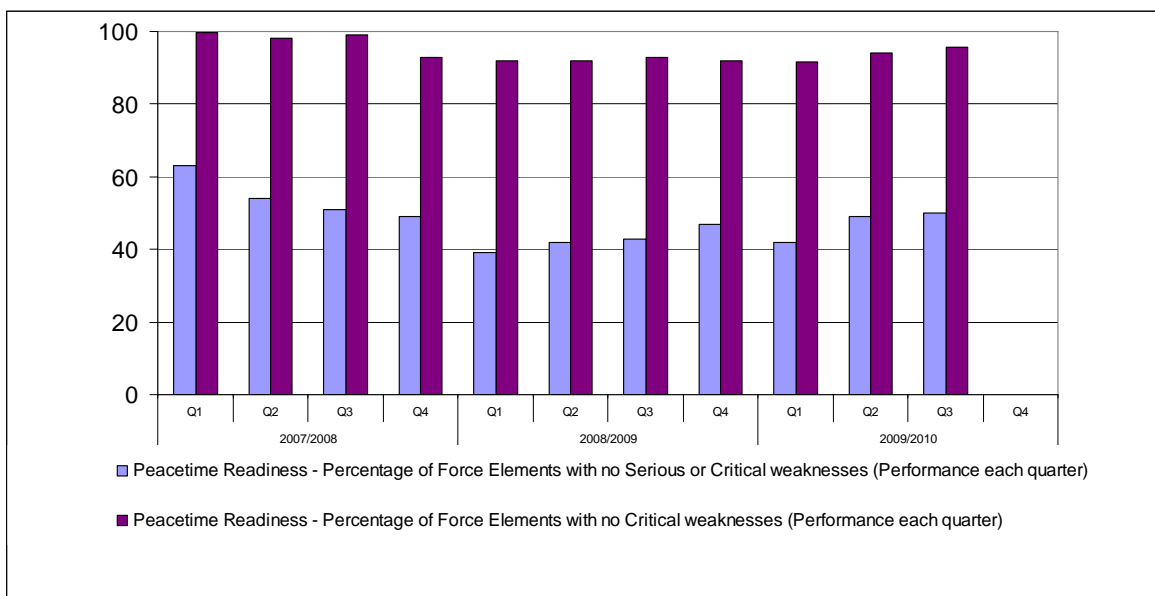
PI 2.1: UK Contingent Capability and delivery of Force Elements at Readiness: Our ability to maintain forces at the readiness we deem necessary to respond to possible threats, assessed against the requirement set out in the Strategic Guidance and the Defence Plan.

PI Assessment

Some progress: Programmed Readiness improved very slightly over the reporting period.

The Armed Forces' overriding priority is achieving success on operations. Our Forces have been operating at, or above, the level of concurrent operations that they are resourced and structured to deliver since 2002. In such circumstances, the Armed Forces cannot simultaneously be ready for the full range of potential contingent operations provided for in the Defence planning assumptions.

As part of the transition from reporting against the 2004 Spending Review readiness target to the 2007 Comprehensive Spending Review objective, we have reviewed the detailed methodology and targets underpinning our readiness assessment to ensure that they reflect current operational priorities rather than those of five years ago. Some longer term readiness targets for forces, not required for current operations, were relaxed in 2008 to allow resources to be focused on operational priorities. Currently, 50% of force elements reported no serious or critical weaknesses against their peacetime readiness levels from October to December 2009; this is an increase from the second quarter of 2009-10 (49%).



Peacetime Readiness

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.

PI Assessment

Some progress. The Army remains within Manning Balance and the RN have moved into Manning Balance. The RAF continues to move closer to Manning Balance.

The manning picture has continued to improve in terms of overall numbers as a result of recruitment, higher retention and pass rates in phase one (initial) training and significant reductions in Voluntary Outflow. The Trained Strength against Requirement has increased¹ for all three Services such that the Royal Navy strength is now 98.3% of their Trained Strength requirement, the Army Trained Strength is 99.2% and the RAF remains outside Manning Balance but has increased in Trained Strength to 97%. The Untrained Strength (predominantly recruits) of the Regular Forces remains near capacity, which will, in due course, sustain or further raise the numbers of the Trained Strength.

All three Services are continuing to exploit a significantly higher level of interest in a career in the Armed Forces and the particular benefit of being able to select high quality recruits, whom, it is hoped, will recognise the benefits of military service as a long term career. As each of the Services move towards Full Strength the main effort will be to correct the imbalances in 'Pinch Point' trades, many of which are caused predominantly by historical under-manning. The effect on individuals are accentuated by high operational demands. Considerable efforts are taken to reduce all Pinch Points through Financial Retention Incentives, Commitment Bonuses and 'Golden Hellos'. However, where Pinch Points occur in high qualification trades e.g. medical officers, nurses and aircrew or where they appear in the mid-rank range e.g. Royal Signals Yeoman of Signals (Warrant Officer) and REME Avionics Technician (Corporal-Sergeant), long term strategies are required to resolve structural imbalances. The recruitment of ethnic minorities remains a considerable challenge and every increase is to be welcomed. All three Services have comprehensive strategies to encourage greater representation of ethnic minorities to attain a balance in the Armed Forces that better reflects the ethnicity balance in society.

The decreasing level of Outflow over the past 12 months is welcome, as it retains trained and experienced personnel in the Armed Forces. As the economic situation improves, however, it is anticipated the Voluntary Outflow level will return to historic norms and the focus will shift towards the retention of Service personnel, particularly those in Pinch Point trades, to maintain operational capability and robust manning structures. Current retention levers such as Financial Retention Incentives, career breaks, the tri-Service Commitment Bonus and support to families, will be essential and must continue to be refined and targeted at the most vulnerable trades.

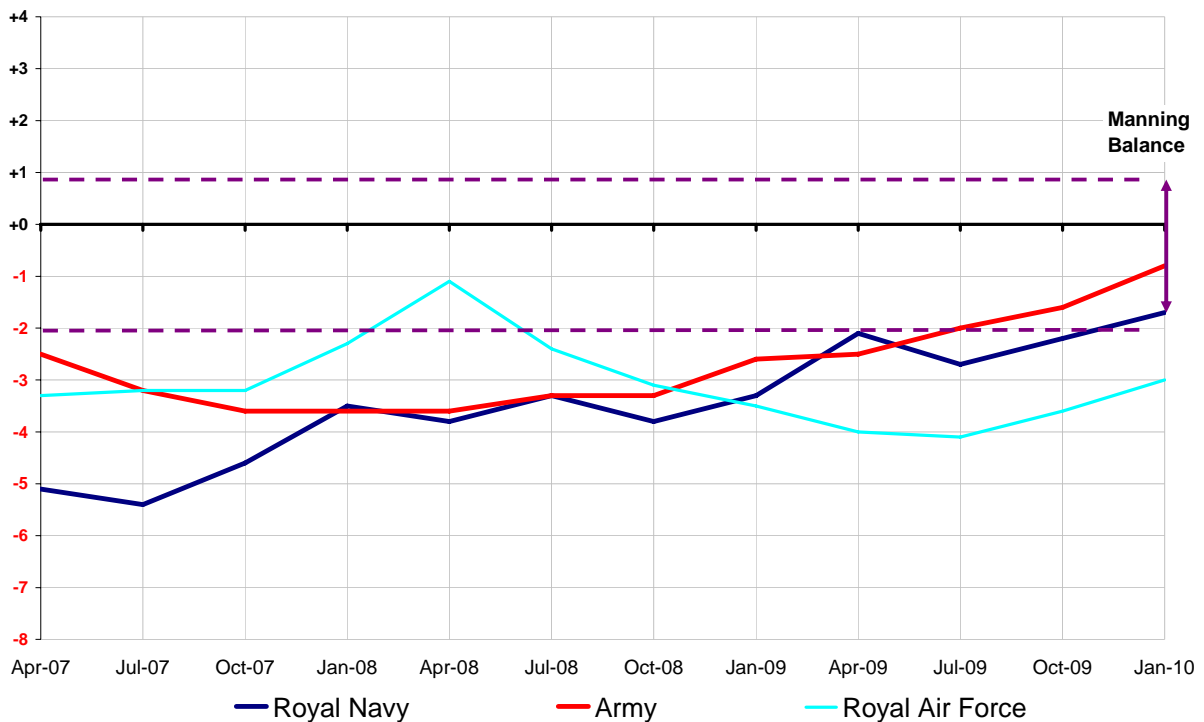
¹ DASA Monthly Manpower Statistics as at 01 Dec 09.

Assessment²

Manning Balance³

As at 1 December 2009:

- Naval Service manning was at 98.3%, and in Manning Balance;
- Army manning was at 99.2%, and in Manning Balance;
- Royal Air Force manning was at 97%, 1% below Manning Balance.



² Owing to introduction of a new personnel administration system (JPA), the military manpower data in this report from April 2007 are provisional and may be subject to a qualification at some later date.

³ Manning Balance is defined as between -2% and +1% of the trained strength requirement, and is measured against the requirement prevailing at the time. Since that requirement is dynamic, the underlying baseline numerical target varies over the PSA period.

Gains to Trained Strength⁴

UK Regular Forces¹ changing from "Untrained" to "Trained" Status²

	FY 2009-10			End of Year Target ³
	to 30 Jun 09	to 30 Sep 09	to 30 Nov 09	
Naval Service				
Total	760 ^P	1,580 ^P	2,080 ^P	3,476
Officers	60 ^P	170 ^P	220 ^P	
Other Ranks	690 ^P	1,400 ^P	1,860 ^P	
Army				
Total	2,540 ^P	4,800 ^P	6,830 ^P	9,593
Officers	200 ^P	390 ^P	460 ^P	
Other Ranks	2,340 ^P	4,440 ^P	6,370 ^P	
Royal Air Force				
Total	700 ^P	1,490 ^P	2,050 ^P	3,591
Officers	110 ^P	250 ^P	290 ^P	
Other Ranks	590 ^P	1,240 ^P	1,750 ^P	

Notes

Achieved numbers have been rounded to 10. When rounding to the nearest 10, numbers ending in "5" have been rounded to the nearest multiple of 20 to prevent systematic bias

Where rounding has been used, totals and sub-totals have been rounded separately and so totals may not equal the sums of their rounded parts

^P Denotes provisional due to ongoing validation of data from the JPA system. Figures are as recorded on JPA in the period ending on the date shown.

1 - UK Regular Forces includes Nursing services and excludes Full Time Reserve Service personnel, Gurkhas, and mobilised reservists.

2 - Regular personnel whose untrained strength flag on JPA changes from "Yes" to "No". This typically happens when trained recruits complete Phase II training. The exceptions being Army Officers who are trained on completion of Phase I, and some specialities groups in the Royal Navy and RAF who are required to complete additional Phase II training.

3 - Targets are those set by the Single Services and are not generated by DASA.

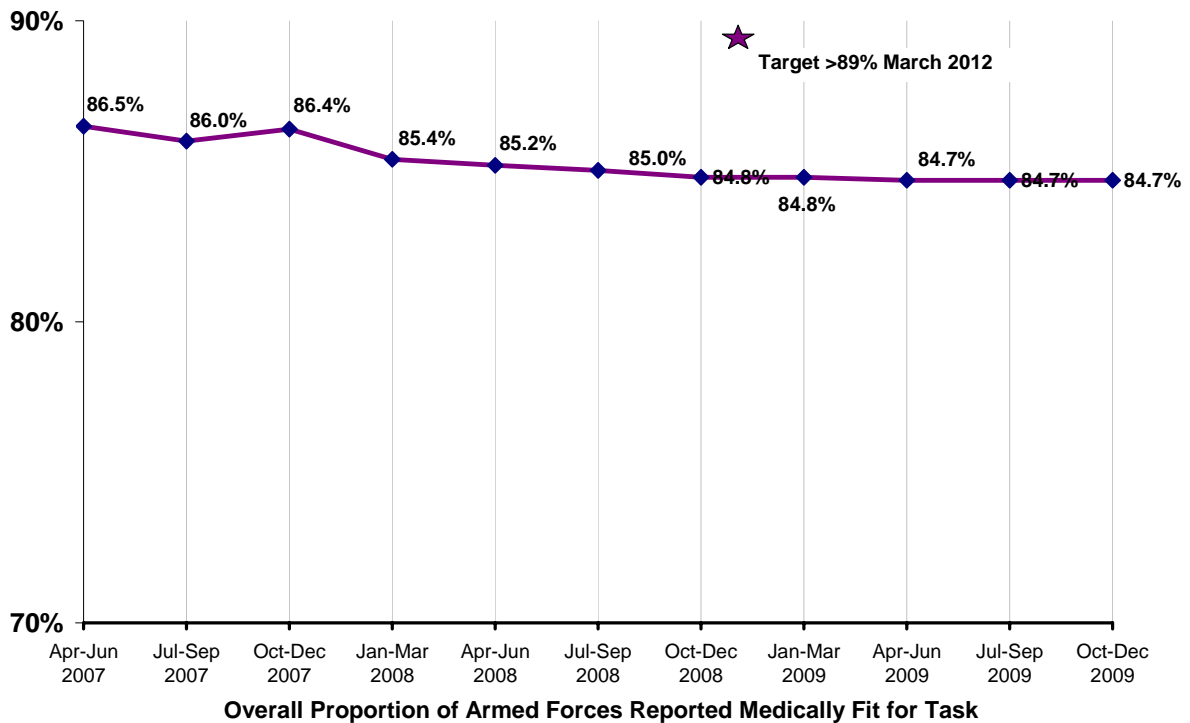
4 - Analysis by DASA of the flow of Personnel from Untrained to Trained has shown that approximately 25% of the annual output from Phase II training occurs in each quarter. This does vary but there is no evidence of a consistent and strong seasonal effect.

⁴ This data is not used in the assessment of PI2.2, but is provided to illustrate the recruiting aspect of the manning position of the Armed Forces.

Medically Fit For Task⁵

At least 90% of Service personnel to be medically fit for task by 1 April 2012

As at 01 December 2009, 84.7% of the Armed Forces were reported as fit for their primary task and are fully deployable. The vast majority of those not fit for their primary task are working normally and continue to contribute to operational effectiveness, but their deployability is limited. There remains a significant lack of confidence in the data and work is underway to improve the accuracy.



Voluntary Outflow Rates⁶

	Long term sustainable rate	01 Dec 09
Naval Service Officers	2%	3.8%
Naval Service Other Ranks	5%	4.8%
Army Officers	4.1%	N/A
Army Other Ranks	6.2%	4.4%
Royal Air Force Officers	2.5%	2.1%
Royal Air Force Other Ranks	4.0%	3.7%

Source Data: DASA Monthly Manning Report

Voluntary Outflow information has not been published for Army Officers since the introduction of JPA due to the ongoing validation of data.

Levels of Individual Separated Service⁷

⁵ This data is not used in the assessment of PI2.2, but is provided to illustrate the delivery of capability, by showing the numbers Service personnel medically fit for their primary task and deployable on operations.

⁶ This data is not used in the assessment of PI2.2, but is provided to illustrate the retention aspect of this PI.

	Guidelines	Performance
Royal Navy / Royal Marines	In any 36 month period, no one to exceed 660 days separated service.	1.6% of Royal Navy personnel exceeding 660 days separated service. Increasing numbers of personnel approaching limits.
Army	In any 30 month rolling period no one to exceed 415 days separated service.	10.3% of Army personnel breached the Army individual Harmony guideline. ⁸
Royal Air Force	Trained Strength not to experience separated service in excess of 280 days (all codes) in any 24 month period.	5% of Royal Air Force personnel breached their target.

⁷ This data is not used in the assessment of PI2.2, but is provided to illustrate the retention aspect of this PI

⁸ The Army will not complete a full Harmony cycle until Jan 2010. The current figure is the last recorded figure and will be updated in Jan 2010.

OBJECTIVE 3: Build for the future.

Overall DSO Assessment

No progress. Two sub indicators are not reported against this period, with the remaining indicator not showing significant progress.

PI 3.1 Procuring and supporting military equipment capability through life.

PI Assessment

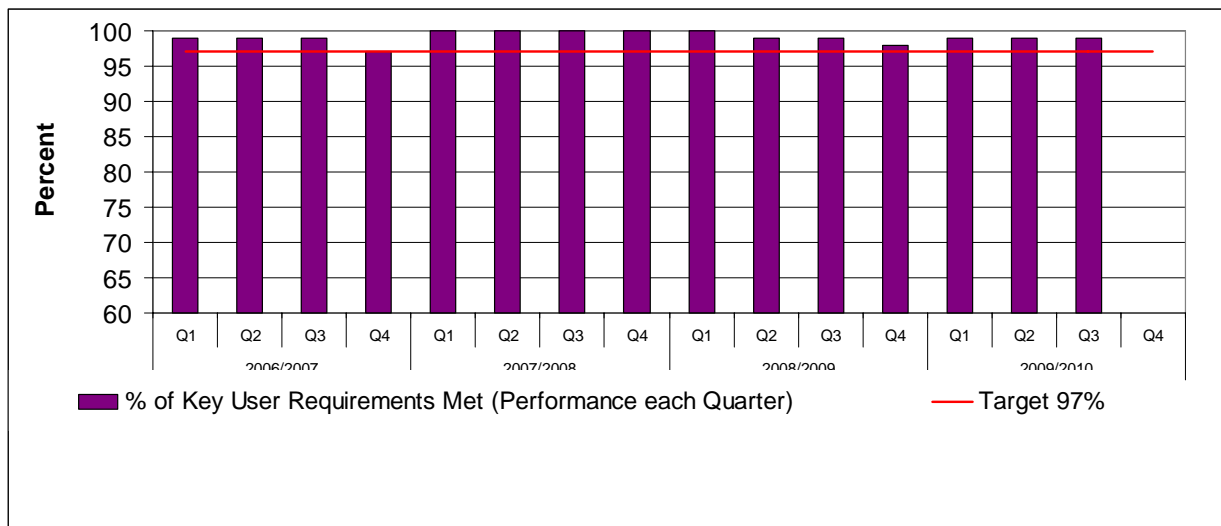
No progress. Two sub indicators suggest targets will be met, and a third is suggesting a low level of risk at not meeting its target.

Assessment against Performance Indicators

PI 3.1.1 Achieve at least 97% of Key User Requirements for all Category A to C Projects that have passed Main Gate Approval, to be achieved throughout the PSA period.

As at 31 December 2009, 99% of Key User Requirements had been reached.

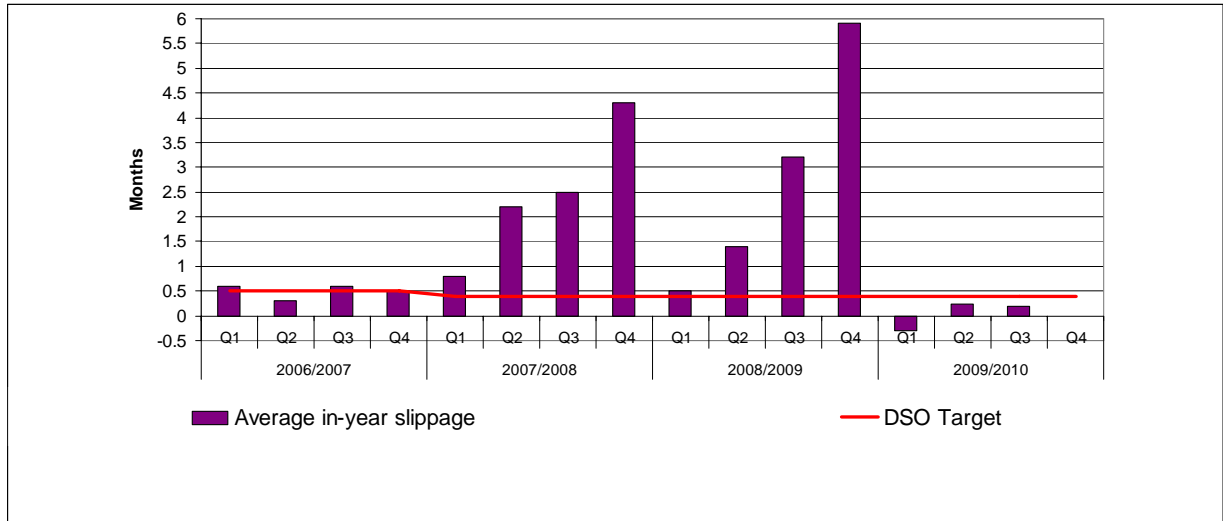
Performance against Key User Requirements



PI 3.1.2 Average in-year variation of forecast In Service Dates (ISD), for all Category A to C Projects that have passed Main Gate Approval, to be no more than +0.4 months.

As at 31 December 2009, current average in-year variation is 0.19 months.

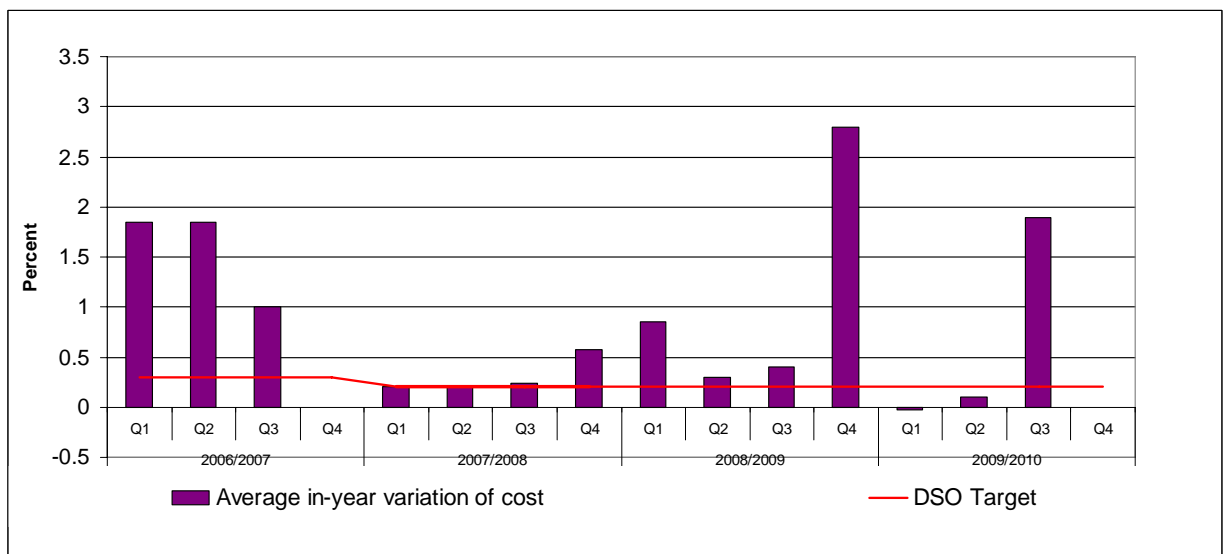
Performance against In-year variation of forecast In Service Dates



PI 3.1.3 Average In-Year variation of forecast costs for Design and Manufacture phase, for all Category A to C projects that have passed Main Gate approval, of less +0.2%.

As at 31 December 2009, cost growth was at 1.89% across all Category A-C projects.

Performance against In-year variation of forecast costs for Design and Manufacture phase



PI 3.1.4 Supporting military equipment capability through life

The supporting military equipment capability through life element of this measure is being reported for the second time this quarter. The assessment relates to key support outputs, covering that part of the support that DE&S is responsible for, but does not encapsulate the element of support which is undertaken directly by the relevant Front Line Command. Assessments are made on delivery against a series of Joint Business Agreements. The baselines for these judgements are contained in internal agreements between DE&S and the appropriate Front Line Command. The overall assessment is that there is a low level of risk that the full requirements will not be met. The specific Front Line Command positions are as follows:

Fleet – The Surface Ship overall performance is forecast to achieve the required levels of platform availability at year end. Frigates' performance has been assisted by recent positive developments towards DNA2 (upgraded of Type 23 Frigate Command System) acceptance, but the overall low assessment reflects increasing platform fragility and the need to meet a high level of operational commitments, which will continue into the future. The Sub-Surface Nuclear (SSN) submarine programme remains extremely taut with resource constraints and equipment age making delivery of the required performance challenging. The impact on in-year measures to remain within available funding could result in some reduced platform availability and increased fragility in the medium term. Whilst a major milestone was achieved with the arrival of ASTUTE at Faslane, trials have been delayed due to major internal communications design issues, where action is now in hand.

Air – Overall performance of the Air Domain at the end of year is forecasting a low risk of not meeting requirements, with only Air ISTAR predicting a medium risk through to March 2010 due to on-going technical issues with Nimrod MR2 and availability of the R1 variant.

Land – As in Quarter 2, within Land Equipment, the focus on operational equipment has meant availability targets continue not to be met for non-operational equipment,, with some dip in performance. Despite this low availability, Land Forces are not reporting an impact on training. Helicopters have achieved the required flying hours in this quarter, and serviceability has further improved for the majority of aircraft, although Merlin availability has dropped.

PI 3.2 Procuring and supporting non military equipment capability through life.

PI Assessment

Not assessed. This indicator is reported against biannually.

PI 3.3 Build for the future (by procuring and supporting military capability, and through sustainable development).

PI Assessment

Not assessed. This indicator is reported against biannually.

Value for Money

To enable the delivery of our Departmental Strategic Objectives and to ensure resources are delivered to front line priorities, the MOD will make at least £3.15Bn (raised by £450M at Budget 2009) in net cash-releasing savings over the CSR07 period ending in 2010-11. These savings are being generated in a number of ways including: improvements in various Corporate Enabling Services; efficiencies that have allowed reductions in civilian numbers working in the Defence Equipment and Support areas and improvements in the way we support our Defence Equipment.

Overall Assessment

Not assessed. This indicator is reported against biannually.

Further Information

Further details including previous quarterly performance reports and the *Ministry of Defence Annual Report and Accounts* for 2009-10, can be found at www.mod.uk.

In its December 2006 *Third Validation Compendium Report* on the quality of data systems underpinning Public Service Agreement Targets (HC 127), the National Audit Office concluded that the data systems underpinning the targets on operations, manning balance and equipment procurement were fully fit for measuring and reporting performance against these targets, and that the system underpinning the target for readiness was broadly fit for purpose. This report can be found at www.nao.org.uk.