

Annexes

- A: Accountability to Parliament
- B: Organisation and Management of Defence
- C: PSA Target 2: Detailed Assessment against Performance Indicators
- D: Performance Management
- E: Defence Agency Performance
- F: Government Standards
- G: Defence Equipment Programme and Collaborative Procurement
- H: Non Departmental Public Bodies



Annex A

Accountability to Parliament

Ministers have accounted to Parliament during 2006-07 on all aspects of the Department's business. 4,831 Parliamentary Questions were tabled, Defence Ministers participated in 17 debates on defence issues in the main chamber of the House of Commons and nine in the House of Lords, responded to twelve Adjournment Debates in Westminster Hall; and one urgent question in the House of Commons, and made eight oral statements to the House of Commons and six to the House of Lords. They also made 114 written statements to the House of Commons and the House of Lords. Details are published in Hansard.

Evidence to House of Commons Defence Committee

Since 1 April 2006 the Ministry of Defence has also given evidence to the House of Commons Defence Committee on a number of occasions covering a wide range of issues, and the Government has responded to a number of the Committee's reports. All Committee publications, including published evidence given to the Committee, are available at www.parliament.uk/parliamentary_committees/defence_committee.cfm.

Session 2005/06

Reports (Government Responses are listed in brackets after the report they relate to)

Seventh Report HC 824 and HC 1137 (HC 1488)	The Defence Industrial Strategy	published 10 May 2006
Eighth Report HC 986 (HC 1558)	The Future of the UK's Strategic Nuclear Deterrent: the Strategic Context	published 30 June 2006
Ninth Report HC 1366 (HC 1601)	Ministry of Defence Main Estimates 2006-07	published 29 June 2006
Tenth Report HC 823 (HC 1602)	The Work of the Met Office	published 26 July 2006
Eleventh Report HC 1054 (HC 58)	Educating Service Children	published 6 September 2006
Twelfth Report/First Joint Report of session 2005-06 HC 873 (Cm 6954)	Strategic Export Controls: Annual Report for 2004, Quarterly Reports for 2005, Licensing Policy and Parliamentary Scrutiny	published 3 August 2006
Thirteenth Report HC 1241 (HC 1603)	UK Operations in Iraq	published 10 August 2006
Fourteenth Report HC 1711 (HC 180)	Armed Forces Bill: proposal for a Service Complaints Commissioner	published 8 November 2006

Session 2006/07

Reports (Government Responses are listed in brackets after the report they relate to)

First Report HC 56 (HC 318)	Defence Procurement 2006	published 8 December 2006
Second Report HC 57 (HC 376)	Ministry of Defence Annual Report and Accounts 2005-06	published 13 December 2006
Third Report HC 129 (HC 317)	Costs of operations in Iraq and Afghanistan: Winter Supplementary Estimate 2006-07	published 7 December 2006
Fourth Report HC 59 (HC 304)	The Future of the UK's Strategic Nuclear Deterrent: the Manufacturing and Skills Base	published 19 December 2006
Fifth Report HC 233 (HC 344)	The work of the Committee in 2005 and 2006	published 22 January 2007
Sixth Report HC 177 (HC 481)	The Defence Industrial Strategy: update	published 15 February 2007
Seventh Report HC 159 (HC511)	The Army's requirement for armoured vehicles: the FRES programme	published 21 February 2007
Eighth Report HC 84 (HC 512)	The Work of the Defence Science and Technology Laboratory and the funding of defence research	published 1 March 2007
Ninth Report HC 225 – I and II (HC 551)	The Future of the UK's Strategic Nuclear Deterrent: the White Paper	published 7 March 2007
Tenth Report HC 379 (HC 558)	Cost of Military Operations: Spring Supplementary Estimates 2006-07	published 12 March 2007
Eleventh Report HC 462	Strategic Lift	published 5 July 2007

The Defence Committee also undertook a number of visits to military establishments both in the UK and overseas as part of its inquiries, as shown in the table below.

Defence Committee visits to military establishments

Date of Visit	Establishment	Related Inquiry
24 Apr 06	Colchester Garrison	Educating Service Children
11 May 06	Met Office	The Work of the Met Office
4-9 Jun 06	Iraq	UK Operations in Iraq
2-7 Jul 06	Pakistan and Afghanistan	The UK Deployment in Afghanistan
15 Sep 06	Faslane and Coulport,	The Future of the UK's Strategy Nuclear Deterrent: the manufacturing and skills base
26 Sep 06	AWE Aldermaston	The Future of the UK's Strategy Nuclear Deterrent: the manufacturing and skills base
27 Sep 06	Devonport	The Future of the UK's Strategy Nuclear Deterrent: the manufacturing and skills base
28 Sep 06	Flag Officer Sea Training "Thursday War", Plymouth	Familiarisation visit
30 Oct – 2 Nov 06	British Forces Cyprus	Familiarisation visit/various inquiries

Evidence to Select Committees of the House of Commons and House of Lords

Since 1 April 2006 the Ministry of Defence has also given written and oral evidence on various issues to the following Select Committees of the House of Commons and House of Lords: All Committee publications, including published evidence given to the Committee, are available at: <http://www.parliament.uk>

Session 2005/06

Reports (Government Responses are listed in brackets after the report)		
Select Committee on the Armed Forces Bill HC 828 – I and II	Armed Forces Bill	published 9 May 2006
Joint Committee on Human Rights HC 701 – I and II	The UN Convention against Torture	published 26 May 2006
HoL EU Committee HL 209	Current Developments in European Defence Policy	published 17 July 2006
Welsh Affairs Committee HC 1129 (HC 1657)	The Future of RAF St Athan	published 25 July 2006
Constitution Committee HC 236 – I and II	Waging War: Parliament's role and responsibility	published 27 July 2006

Session 2006/07

HoL EU Committee HL 17	Current Developments in EU Defence Policy	published 12 Jan 2007
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Evidence to Public Accounts Committee and Reports

We have also given evidence to the Public Accounts Committee, as shown in the tables below.

Sessions 2005/06

Reports (Government Responses are listed in brackets after the report)		
Fiftieth Report	Major Projects Report 2005	HC 889 (Cm 6908)

Session 2006/07

Reports (Government Responses are listed in brackets after the report)		
Fourteenth Report	Delivering Digital Tactical Communications Through the Bowman CIP Programme	HC 358 (CM 7077)
Thirteenth Report	Smarter Food Procurement in the Public Sector	HC 357 (CM 7077)
Thirty-Fourth Report	Recruitment and Retention in the Armed Forces	HC 43
Thirty-Sixth Report	Reserve Forces	HC 729
MoD Evidence Major Projects Report 2006	Oral Evidence given by Sir Peter Spencer KCB Chief of Defence Procurement and Lieutenant General Sir Andrew Figgures CBE, Deputy Chief of Defence Staff (Equipment Capability), Ministry of Defence.	HC 295-i
Recruitment and Retention In the Armed Forces	Oral evidence given by Mr Bill Jeffrey, CB, Permanent Under Secretary of State Mr Chris Baker, OBE, Director General, Service Personnel Policy and Brigadier Stephen Andrews CBE, Deputy Chief of Defence Staff Personnel, Ministry of Defence.	HC 43-i

Public Accounts Committee Recommendations

Fiftieth Report (2005/06) Major Projects Report 2005

PAC Recommendations

PAC conclusion (i): The Department has reduced the forecast costs of its top 19 projects by some £700 million. These reductions in forecast costs were not the result of better project management but were cuts needed to bring the Defence Equipment Plan under control. The Department achieved these reductions by cutting the numbers or capability of equipment, and has yet to demonstrate that it can consistently manage individual projects to deliver the planned operational benefits to the Armed Forces to cost and time.

PAC conclusion (ii): Some of the latest capability cuts are short-term expediencies which may result in an erosion of core defence capability or in higher costs throughout the life of individual projects. When deciding how to live within its overstretched budget, the Department should not make short-term cuts without first spelling out the longer-term negative impacts in terms of core capability or poor value for money.

PAC conclusion (iii): The Department's defined levels of capability do not include the quantity of equipment bought. So they can allow quantities to be cut to offset cost overruns, without affecting measured capacity. In defining threshold levels (minimum acceptable capability) and objective levels (full capability desired) for equipment capability on projects coming forward for approval, the Department should reflect quantities as well as performance characteristics.

Response Reported in the Treasury Minute

The Department noted the Committee's comments. However, the Committee's conclusion simplifies a complex and dynamic process. Good project and programme management requires trading among all the variables of cost, time, and performance, as was re-emphasised by Smart Acquisition. Many factors influence the MoD's Equipment Plan, including changes to priorities, developments in technology, the impact of operations and project cost pressures. In responding to these factors, the Department must work within the constraints of its overall resource allocation. Where such factors result in additional costs, changes must be made elsewhere in the Plan to maintain overall balance. The Department has a robust planning mechanism in place to ensure that these adjustments are made in such a way that it delivers a balanced and coherent set of equipment capabilities to the front line within the resources available.

The Department notes the Committee's recommendation. The Department has a robust planning process that ensures before any decisions are taken in respect of major projects, comprehensive Impact Statements are generated which set out the consequences of the proposed action. These are prepared in consultation with all stakeholders including Front Line Commands. This process ensures that when decisions are taken, it is with full visibility of the impact on capability, risk, value for money and other key factors. The changes to the Department's processes and structure being introduced following the Defence Industrial Strategy under the Enabling Acquisition Change initiative will encourage greater consideration of the long term impact of initial acquisition decisions.

The Department does not accept this recommendation. The July 2004 White Paper *Delivering Security in a Changing World: Future Capabilities* explicitly emphasised the Department's focus on effects based warfare – focusing on the impact our Armed Forces can deliver, rather than the number of platforms that we use. In the process of balancing defence capability within the Department's resource allocation, it is possible that platform numbers will change. Nevertheless, the fact remains that it is the capability delivered rather than the platform numbers on which we are focussed. Where the required capability can be delivered from fewer platforms, it is appropriate that resources are allocated to other priorities within the Programme.

PAC Recommendations

PAC conclusion (iv): Despite previous assurances that it had restructured many of its older projects, at considerable cost, to address past failures, the Department still attributes much of its historic poor performance to so called “toxic legacy” projects which continue to accumulate considerable time and cost overruns. The Department cannot indefinitely hide behind past deficiencies, while claiming to be taking a proactive approach to addressing the problems. It is time that these projects were put on a firm footing with realistic performance, time and cost estimates against which the Department and industry can be judged.

PAC conclusion (v): The Department has improved its practice in setting meaningful in-service dates, but still not all future in-service dates represent the delivery of useable capability to the frontline. In defining these dates it needs to incorporate areas such as logistic support and training to enable the Armed Forces to use the equipment effectively.

Response Reported in the Treasury Minute

The Department agrees that the older legacy projects need to be put on a firm footing with realistic estimates of time, cost and performance but the Department rejects the assertion that it is hiding behind past deficiencies. The Department has been open about the problems involved with older and larger projects, which remain in the MPR population for several years because of their very long-term nature. Substantial improvements to equipment acquisition practice have been, and continue to be made and have resulted in improvements, and we are determined to build on these; but the fact remains that it is impossible to alter retrospectively the terms of approvals which did not fully reflect current best practice for projects where approvals were given and contracts were let many years ago, to reflect the standard which would now apply. The Department can evidence a proactive approach to the problems. In July of this year the Department signed a production contract with BAE Systems for twelve Nimrod MRA4 aircraft, one of the older and most problematic projects. On the Astute programme the Department is currently working with BAE Systems and other critical suppliers in pursuit of the DIS to achieve an affordable and sustainable submarine programme. In support of this MoD has ordered four packages of long lead items with BAE Systems, Rolls Royce and their suppliers, which will ensure the long-term viability of the supply chain and the maritime industrial base.

The Department agrees with the Committee’s recommendation. It plans to deliver effective military capability to the Front Line Commands, which requires the eight Lines of Development (LoD) – Training, Equipment, Personnel, Infrastructure, Logistics, Concepts and Doctrine, Organisation – associated with each project to be in a mature enough state to support and maintain the equipment that delivers the capability effect. LoD are intended to apply coherence to the evolution of defence capability. The choice of In Service Date (ISD) is therefore now made with this requirement in mind and after wide consultation with stakeholders. It is already part of the routine project management process within the Department to monitor and deliver the equipment, with its associated LoD, at ISD.

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (vi): In co-operating with the United States on defence projects, the United Kingdom is the junior partner, which reduces our influence over the project's direction. Conversely, a lack of focused leadership has stymied progress on many European collaborative projects. The Department should routinely analyse co-operative projects to see how far the expected benefits are delivered, so that it can make better-informed decisions before committing to future co-operative acquisitions.</p>	<p>The Department notes the Committee's conclusions about cooperation with the US and within Europe. While the US's far larger defence budget and requirements inevitably constrain the influence we can exert, we are able to ensure our operational capability requirements are met. For European collaborative programmes, Organisation Conjointe de Cooperation en matiere d'Armement (OCCAR) was established in 1996 to improve project management and build a centre of expertise using best procurement practice; greater empowerment by nations and the abandonment of "juste retour" are two of the many improvements over previous arrangements. The Department agrees with the Committee's recommendation that routine analysis of co-operative projects should help inform future acquisition decisions. The Department requires all projects to be subject to evaluation as set out in <i>Joint Services Publication (JSP) 507: MoD guide to Investment Appraisal and Evaluation</i>.</p>
<p>PAC conclusion (vii): The Department has introduced key supplier management to assess the performance of its 18 largest suppliers, but much of the innovation which will drive better acquisition performance comes from the second and third tiers of the supply chain. The Department considers that these arrangements have already had a beneficial impact by focusing suppliers on areas for improvement, but to maximise the benefits the Department should progressively extend the principles of key supplier management through its supply chain</p>	<p>The Department agrees with this conclusion and recommendation, which echoes one of the themes of the DIS (referred to specifically at paragraph C1.16 of the white paper). The Department is examining with industry ways to improve the process of bringing innovation to bear. We are also looking to extend the principles of key supplier management. We are encouraged by evidence that industry is responding to the challenge of developing and improving supply chains. The Department will consider with industry further ways to improve relationships and performance across the supply chain to ensure that we capture and promote best practice.</p>
<p>PAC conclusion (viii): The DIS aims to promote a sustainable and globally competitive defence manufacturing sector but the Department has not traditionally quantified or measured these wider benefits. The Department should more accurately quantify what these wider beneficial outcomes might be at the time defence acquisition decisions are made, and should monitor their achievement throughout the life of the project.</p>	<p>The Department agrees with this recommendation. The creation of a sustainable and globally competitive defence manufacturing sector will benefit defence acquisition by ensuring that the capability requirements of the Armed Forces can be met, now and in the future, and that we retain in the UK those industrial capabilities needed to ensure appropriate sovereignty and/or contribute to collaborative efforts. The DIS emphasises the need for a Through Life Capability Management approach to acquisition, taking account of all available factors at the key decision points and monitoring performance throughout the life cycle of the individual equipment or service contract. Wider factors will continue to be considered in acquisition decisions where appropriate. The Department acknowledges that further work on quantifying those wider benefits could be advantageous and work currently in hand in MoD on the Defence supply chain, together with wider discussions between MoD and the Defence Industries Council may offer scope to develop quantification of the kind that the committee advocates.</p>

Thirteenth Report (2006-07): Smarter Food Procurement in the public Sector

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (v): For many children and adults, publicly provided meals form a key element in their daily diet, but not all public bodies make the most of the opportunity to promote healthier eating. They and their contractors should assess regularly the dietary requirements of all their existing and potential customers, including the elderly and those from ethnic and religious minority communities, canvassing customer views as part of regular quality audits of catering services. Frontline organisations should work with contract caterers to introduce healthier food combined with educational events that encourage healthy eating, and introduce ‘traffic light’ systems to highlight the nutritional value of each menu option.</p>	<p>The MoD accepts this conclusion. The MoD’s nutritional policy is set by the Expert Panel on Armed Forces Feeding (EPAFF), whose overarching aim is to educate Service personnel about nutrition and healthy eating. Under the direction of EPAFF, a series of nutritional guides for commanders, caterers and individuals has been developed and issued. In addition, a nutritional DVD has also been made available to all Service units with a supporting presentation to reinforce the message being sent to recruit training units. The MoD also established a web-based service for personnel to seek nutritional advice from their consultant dieticians and nutritionists.</p>
<p>PAC conclusion (vi): There are wide disparities in the prices paid by public bodies for the same food items, ranging from between 32 pence and £1.10 for a standard 800g loaf of wholemeal bread, and between 17 and 44 pence for a pint of milk. Following the example of the Ministry of Defence, Departments should conduct regular benchmarking surveys or draw upon publicly available or commercially generated pricing information, and secure explanations from frontline organisations where significant price variations exist. They should also encourage greater use of e-procurement methods to stimulate increased competition and greater transparency of prices through, for example, e-auctions.</p>	<p>The MoD accepts this conclusion. The use of e-auctions contributed to the savings achieved within food procurement as part of the Supply Chain Excellence Programme. The MoD continues to conduct regular benchmarking surveys and e-auctions.</p>
<p>PAC conclusion (vii): A lack of commercial skills and knowledge about the specialist food and catering market undermines the ability of frontline procurers to strike good deals with the major national wholesale food or multi-national contract catering companies. The three Departments (the Department for Education and Skills, the Ministry of Defence and the NHS Purchasing and Supply Agency) and the Prison Service, working with the Office of Government Commerce, should use their collective purchasing power to negotiate with the major food and catering firms for a larger share of the £95M earned annually by contract catering firms from their suppliers by way of volume discounts and rebates.</p>	<p>The MoD does not accept that there is a lack of commercial skills/market knowledge within its organisation, which prevents it from placing competitive sourcing arrangements. The MoD has a dedicated commercial team and employs within the Defence Food Services Integrated Project Team, staff with specialist food and catering knowledge, who continue to refresh their knowledge of the market through training, development and research. The MoD has also invested in developing a Category Management Team that supports the activities of the commercial and catering staff and shares information with other Government Departments via the OGC’s Food Procurement Group.</p>
<p>PAC conclusion (xi): The Committee expects to see measurable progress within two years (by 2008-09) towards savings of some £20 million promised by the Ministry of Defence over the five year life of its new main food contract.</p>	<p>The conclusion is accepted by the MoD, in so far as their contract will realise the quoted savings over the life of the contract.</p>

Thirteenth Report (2006-07): Smarter Food Procurement in the public Sector

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (xii): The National Audit Office has demonstrated that it is possible for public bodies to increase the proportion of food purchased competitively from local or regional producers while complying with EU requirements. Following the lead of the Ministry of Defence in working with the UK meat industry, the three departments together with the Department of Environment, Food and Rural Affairs, should explore with UK food producers ways to increase the amount of UK produce purchased by the public sector. Public bodies should also be able to demonstrate that the animal welfare and food production practices of their suppliers adhere to the standards under which UK producers operate and satisfy themselves that enough independent spot checks and inspections are taking place.</p>	<p>The conclusion is accepted, in part, by MoD as it reflects the present working practices within the Department, particularly in the context of the department's working relationship with the UK meat industry. The MoD does, however, need to ensure the year round availability of its 'Core List' commodities, which supply our worldwide operational commitments. This cannot be achieved, cost effectively, with a policy of local or regional buying alone.</p>
<p>PAC conclusion (xiv): Public sector procurers should seek to increase the proportion of food purchased from 'Fair Trade' sources that offer the same standard at a competitive price. In some cases fair trade products will be more expensive but departments should work with the supply chain to improve competitiveness while still securing a fair price for producers.</p>	<p>This conclusion is accepted by MoD, It is the intention of the MoD to test, through its Food Selection Panel, a wider range of fair trade products in the future for inclusion on the 'Core List'.</p>

Fourteenth Report (2006-07): Delivering Digital Tactical Communications through the Bowman CIP Programme

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (i): There is no individual within the Department with full responsibility for ensuring that the Bowman CIP project meets its objectives. In 2006, the Department belatedly appointed a senior officer to act as Senior Responsible Owner. But he lacks the authority and time to effectively discharge this onerous responsibility and is only supported by a small staff. In applying the Senior Responsible Owner concept, the Department should equip those appointed to such challenging positions with the funding, authority and trust to fully discharge their responsibilities in line with the guidance issued by the Office of Government Commerce.</p>	<p>The Department notes the Committee's views and agrees that in its earlier stages the Bowman and CIP projects would have benefited from stronger high-level governance arrangements. The Department believes that the governance arrangements, which were developed in the light of the OGC guidance in 2003 and as the programme evolved provide a robust framework for delivering the Bowman CIP programme. The senior officer now responsible for the delivery of networks such as Bowman CIP that underpin Network Enabled Capability (NEC) has the authority, position within the Department and support to ensure that obstacles to delivery are addressed and overcome while maintaining coherence with other projects supporting the wider NEC capability.</p> <p>It is the Department's policy that large and complex projects or groups of projects will have a senior responsible owner appointed on behalf of and accountable to the Defence Management Board. In addition, under the Department's Defence Acquisition Change Programme, the Directors of Equipment Capability will fulfil the senior responsible owner role for each of their projects that are not covered by specific SRO appointments. Although the senior responsible owner may not have full financial or command/line management authority over all those delivering the projects, he or she will be empowered, have a good knowledge of the requirement, be competent to resolve conflicting priorities and be able to exert influence outside traditional management or command chains. This is consistent with the OGC guidance.</p>

Fourteenth Report (2006-07): Delivering Digital Tactical Communications through the Bowman CIP Programme

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (ii): The Department took nine months to approve the revised deal struck with General Dynamics UK in October 2005. Time is money for the Department and its contractors, and delaying delivery of a much-needed capability could also cost lives. The Department intends to action the relevant recommendations from its Enabling Acquisition Change review to improve its in-house approvals processes. The Department should also engage the Treasury and other relevant government departments in developing a leaner, more responsive approval process so that decisions can be made in a more-timely manner.</p>	<p>The Department agrees that responsiveness is an important attribute of the investment approvals process, alongside the need to ensure that proposals are soundly based and provide good value for money.</p> <p>Implementation of the recommendations of the Enabling Acquisition Change report is being taken forward through the Defence Acquisition Change Programme. A number of changes to the approvals process have already been made. These include:</p> <ul style="list-style-type: none"> • the involvement of the Defence Management Board in the most significant investment decisions; • the addition of the Defence Commercial Director to membership of the Department's Investment Approvals Board; and • the delegation of the approval of the lower value lower risk equipment and support projects to the new Defence Equipment and Support organisation. <p>Other changes that will be introduced shortly include:</p> <ul style="list-style-type: none"> • a more streamlined scrutiny process which aims to ensure that project teams have, at an early stage, a clearer picture of the information required at the main decision points and simplifies the production of business cases; • for larger projects, the inclusion of support costs in Main Gate equipment approvals; • independent cost estimates; and • the requirement to carry out commercial due diligence before contract signature. <p>The Department is engaged with HM Treasury to develop a more responsive procurement approvals process. Although engagement with other Government Departments does take place in the context of the approvals process, this does not impact on approval timelines.</p>

Fourteenth Report (2006-07): Delivering Digital Tactical Communications through the Bowman CIP Programme

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (iii): The Bowman CIP project timescale was clearly unrealistic, and the inherent complexity and technological challenges were under-estimated. The Department should re-design its scrutiny processes and better align these and its assurance processes so that they are fit to deal with the challenges of modern defence acquisitions and to take into account the culture of over-optimism endemic in much defence procurement.</p>	<p>The Department accepts the general thrust of the Committee's views. The Department recognises that the timescales set for the Bowman and CIP projects were challenging and was aware of the potential technical and complexity challenges, but on balance believed that the risks were worth taking in order to achieve coherence between the two projects and the earliest possible delivery of this important new capability. The deployment on operations of a militarily useful Bowman CIP from April 2005 was an important step forward. The Department recognises, as a general issue, the need for greater realism in the planning of defence capability and agility in the acquisition system.</p> <p>Changes being introduced through the Defence Acquisition Change Programme, including the streamlining of process, better cost estimating and greater use of incremental acquisition are aimed at improving the acquisition system to provide better delivery of capability to the front line, and improved value for money for the taxpayer.</p>
<p>PAC conclusion (iv): The vehicle conversion challenge posed by the unexpected variation in the land vehicle fleet could have been predicted if the fleet had been properly surveyed before contracts were placed. The problem was compounded by the absence of good data on vehicle configurations, and the practice, particularly in the army, of modifying vehicles without managing and tracking the modifications. Until the Department obtains adequate standing information on vehicle condition and configuration, it should re-emphasise to Users the importance of maintaining standard configurations wherever possible and should survey representative samples of vehicles before commencing modification work.</p>	<p>The Department accepts that there is an issue with capturing and tracking information about modifications to vehicles. The UK armed forces' vehicle fleet consists of many types, which in some cases are themselves sub-divided into many variants according to role and parent unit. This fleet is, in some cases, up to 40 years old and over time and for good reasons has been subject to extensive modifications to meet the evolving operational or safety environment.</p> <p>Given the general knowledge the Department had about the age and condition of the vehicle fleet, it was recognised that configuration control was an issue at the outset of Bowman conversion. A platform presentation programme was put in place that brought some commonality to the fleets but could not allow for platform-to-platform variations. The Department accepts in retrospect that more detailed survey and preparation work would have enabled the true scale of the variations present in the vehicle fleets to be better understood and the conversion programme to have proceeded more smoothly.</p> <p>As a result in part of experience with the Bowman CIP conversion programme the Department is working hard to address vehicle configuration control issues and believes significant improvements will flow as more capable electronic engineering and configuration management systems enter service. Until then, the better use of existing data alongside revised processes within the Army will deliver worthwhile improvements.</p>

Fourteenth Report (2006-07): Delivering Digital Tactical Communications through the Bowman CIP Programme

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (v): Complex new systems such as Bowman CIP are more expensive to support and will require more on-going training than their simpler predecessors. To encourage more serious consideration of Through Life Management issues and better inform future investment decisions, the Department should validate the quality of the key data underpinning decisions on the delivery of through life management capability including measures of financial maturity, and clarity about the capability needed.</p>	<p>The Department agrees that clarity on requirements and the quality of data are key factors in the successful delivery of through life capability management. The Defence Acquisition Change Programme is addressing these issues. For example, the Department's capability planning process has been reformed to support through life capability management and now follows a multi-stage process to establish capability requirements, identifying risk and pressures relating to such areas as the industrial capacity, funding and maintaining the effectiveness of current capability.</p> <p>Implementation of this process is expected to mature towards the end of 2007. Much of the data that underpins this work is generated by the newly formed Defence Equipment and Support (DE&S) organisation through its equipment Through Life Management Plans (TLMPs). The DE&S has initiated a programme of work to simplify and improve the design of TLMPs and complete a 100 per cent refresh of the data they contain by the end of the current financial year.</p>
<p>PAC conclusion (vi): Bowman CIP was accepted in service in March 2004 with 27 major provisos that reflect the limited operational capability of the initial system. The Department should only accept that General Dynamics UK has cleared the provisos on the basis of robust trials-based evidence and should not pay any outstanding amounts until it is satisfied that the Armed Services are getting the capability they asked for.</p>	<p>The Department agrees with the Committee on the importance of robust testing and trialing as a basis for accepting equipment into service. Acceptance of the next increment of Bowman CIP (Bowman CIP 5) will be based on the evidence gathered through extensive trialing activity in 2006 and 2007. These trials will graduate from highly demanding technical field trials to operational field trialing in the hands of the user. This trialing methodology will ensure that the capability delivered by General Dynamics UK is fully verified and validated before it is deployed on operations.</p> <p>Included in this process is the clearance of outstanding provisos against full systems acceptance. In order to ensure the delivery of the required capability a number of significant outstanding payments to General Dynamics UK remain and will be held pending the delivery of the contracted requirement.</p>

Fourteenth Report (2006-07): Delivering Digital Tactical Communications through the Bowman CIP Programme

PAC Recommendations	Response Reported in the Treasury Minute
<p>PAC conclusion (vii): The Department has removed several important capabilities from the existing Bowman CIP programme. The Department has developed plans which it is confident will now deliver the most vital aspects of capability without further delay. The capabilities being delayed, such as the ability to communicate with allies, remain important, not least to reduce the risk of further friendly fire deaths. The Department is confident that, to date, no lives have been lost due to this deferral. It should, within the next year, develop a realistic forward plan to ensure the Armed Forces do not have to forego these capabilities for longer than is absolutely necessary.</p>	<p>The Department remains confident that the revised Bowman CIP programme approved in 2006 will deliver the coherent and stable austere Bowman CIP capability necessary to provide the basis for Network Enabled Capability in the land environment. The Department notes that this level of capability, Bowman CIP 5, will improve on the ability of the current version to communicate with allies by secure voice by also providing an ability to transfer standard formatted messages or e-mail with allies, as explained in the supplementary memorandum of evidence submitted in response to Question 155. Bowman CIP will therefore increasingly contribute to our Combat Identification capability and the minimisation of the risk of fratricide.</p> <p>The Department continues to believe that the deferral of technically risky capability from the current Bowman CIP programme was prudent. The Department confirms that it is working to define plans for future capability releases beyond Bowman CIP 5 and expects to consider these plans as part of its routine planning process. Among the factors that will shape these plans are the ability of the front line to absorb further large-scale changes and the constraints imposed by operational tempo.</p> <p>The Department envisages a periodic capability release programme providing both capability enhancements and maintenance that will be informed by the current validation work on the delivery of deferred capability.</p>
<p>PAC conclusion (viii): In addition to the timescale slippage, the Department has agreed to pay a further £121M to General Dynamics UK to deliver Bowman CIP, despite a much reduced number of platforms to be converted, and some aspects of the requirement being shuffled to another project. Securing value for money in the long-term will require the Department and General Dynamics UK to work together collaboratively to cost-effectively deliver and sustain the capability required by the Armed Forces. To support this objective, the Department and General Dynamics should regularly assess the strength of their relationship.</p>	<p>The Department agrees with the Committee on the importance of working in partnership with industry to secure long-term value for money. The Department's Key Supplier Management process employs a range of tools aimed at improving and maintaining the relationship with our key suppliers, and measuring and driving performance improvement in both the supplier and the Department.</p> <p>The Integrated Project Team (IPT) dealing with Bowman CIP and General Dynamics UK have been actively engaged in that process. Looking ahead, the IPT is also working to measure and improve the strength of its partnering with General Dynamics UK and other companies involved in this work. This should yield benefit within the remainder of the current contract as well as informing any potential longer-term partnering arrangements.</p>

Annex B

Organisation and Management of Defence

Secretary of State and Ministers

The Secretary of State is responsible for the formulation and conduct of defence policy, and for providing the means by which it is conducted. He is supported by a Minister of State for the Armed Forces, a Minister of State for Defence Equipment & Support and a Parliamentary Under-Secretary of State and Minister for Veterans. The Secretary of State and his three Ministerial colleagues are accountable to Parliament – which votes public money to the MoD for defence purposes.

Principal Advisers

Ministers are supported by the senior management of the MoD, headed jointly by the (military) Chief of the Defence Staff and the (civilian) Permanent Under Secretary. They share equal responsibility for much of the Department's business and their roles reflect the importance of both military and civilian advice on operational, political, financial and administrative matters. The Permanent Under Secretary is the Government's principal civilian adviser on defence and has primary responsibility for defence policy, finance and the administration of the Department. The Chief of the Defence Staff (CDS) is the professional head of the Armed Forces and the principal military adviser to the Secretary of State and the Government.

The Defence Council

The Defence Council is the senior Departmental committee. It is chaired by the Secretary of State, and comprises the other Ministers, the Permanent Under Secretary, the Chief of the Defence Staff and senior military officers and officials at the head of the Armed Services and the Department's major corporate functions. It provides the formal legal basis for the conduct of defence in the UK through a range of powers vested in it by statute and Letters Patent.

The Defence Management Board

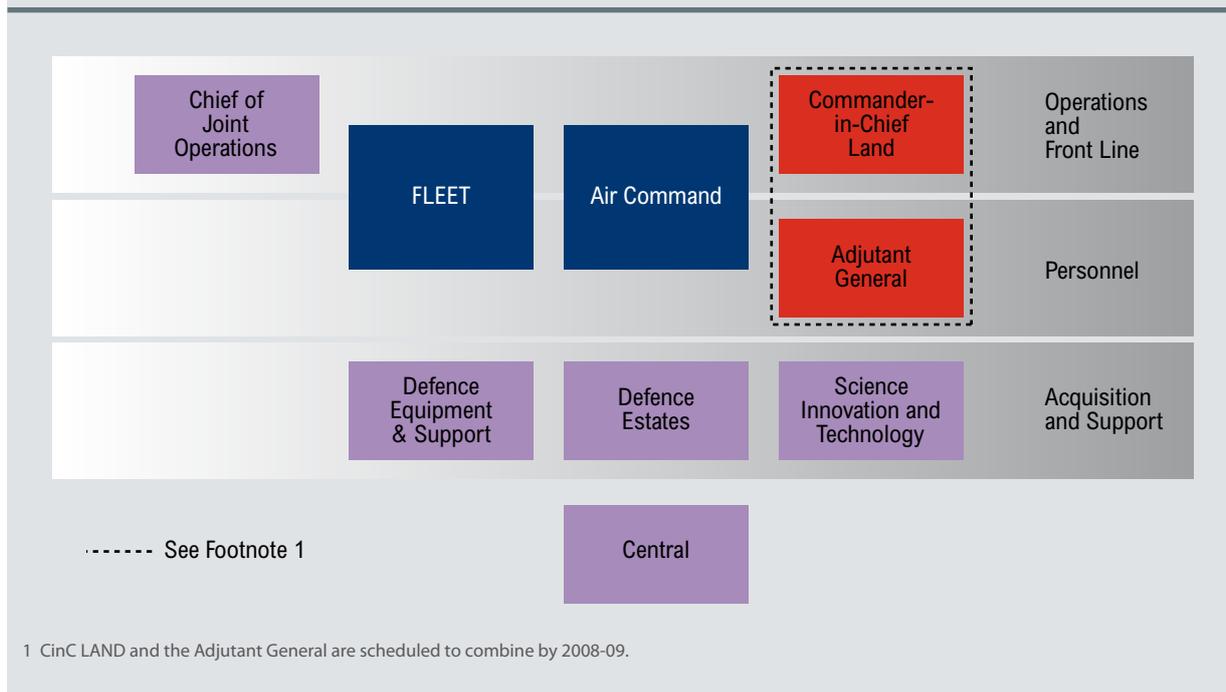
The Defence Management Board is the highest non-ministerial committee in the MoD. Chaired by the Permanent Under Secretary, it is the main corporate board of the MoD, providing senior level leadership and strategic management of defence. Its role is to deliver the Defence Aim set out in the Public Service Agreement and it owns the Defence Vision. The Board is made up of the non-ministerial members of the Defence Council, and three external, independent non-executive members.

Capability Review

The Cabinet Office published its Capability Review of the MoD on 27 March 2007. One of the key recommendations was to clarify and simplify the MoD's operating model. As a result, the Department is undertaking a review of Head Office to define a leaner and more strategically focussed structure. Therefore, the top level structure of the Department may be subject to alteration over 2007-08. See *Business Management* paragraphs 274-276 and the Essay on *The Capability Review (page 147)* for further information.

Top Level Budgets

The delivery of defence outputs falls to Top Level Budget holders – Service Commanders-in-Chief and the heads of other major delivery organisations. Top Level Budget holders are responsible for the delivery of specific outputs – typically elements of military capability or supporting services to other Top Level Budgets. At the conclusion of each planning round, the outputs and the related resources for each Top Level Budget are set out in Service Delivery Agreements between the Permanent Under Secretary and the Chief of the Defence Staff on the one hand and the Top Level Budget holder, or Service Chief where appropriate, on the other hand.

Figure 9 Top Level Budget structure of the Ministry of Defence¹

Top Level Budget Roles

Central TLB

The role of the Central TLB is to provide the framework to enable MoD to act as both a Department of State and as the Strategic Headquarters of the Armed Forces. It provides three key functions: Head Office – strategy and policy, allocation of resources against objectives and targets, monitoring performance, and setting standards; Military Capability – providing centrally managed force elements at defined readiness states (including Special Forces, medical and intelligence services); and Corporate Services – delivering cost-effective and efficient centralized Corporate Services to the wider Department e.g. finance and personnel services.

Chief of Joint Operations (CJO)

With a few exceptions, CJO is responsible for running all military operations from the Permanent Joint Headquarters in Northwood. Military assets are assigned to CJO for the duration of the operation only. In addition to these operational responsibilities, CJO is responsible for the Sovereign Base Areas and British Forces in Cyprus, Gibraltar, the South Atlantic Islands and Diego Garcia.

Fleet

The single Fleet TLB was formed on 1 April 2006 by merging the old TLBs of Commander in Chief Fleet (CINCFLEET) and the Second Sea Lord/Commander in Chief Naval Home Command TLBs. Headed by Commander in Chief Fleet, the TLB is responsible for providing warships and trained crews and Royal Marines to CJO at agreed readiness states. CINCFLEET maintains an operational command and control capability, in particular for the nuclear deterrent force. This TLB is also responsible for the provision of personnel: recruitment, individual and collective training and career management.

Air Command

Air Command was formed on 1 April 2007 as a result of the merger of the RAF's Personnel and Training Command and Strike Command. The creation of a single Command, with a single fully integrated Headquarters, will better equip the RAF to provide a coherent and coordinated single Air focus to the other services, MoD Head office, the Permanent Joint Headquarters and the rest of MoD. Air Command is responsible for providing aircraft, trained aircrews and other force elements to CJO at agreed readiness states. In order to do this it undertakes a wide range of functions including providing the recruitment and training of RAF personnel. It undertakes the basic flying training for all three services. In addition, it maintains aircraft and aircrew for Quick Reaction Alert to defend UK airspace and conduct Search and Rescue Operations.

Land Command¹

LAND is responsible for providing the land component military capability (Army formations and equipment) to CJO at agreed readiness states through collective training and the generation of military capability of units, brigades and divisions.

Defence Equipment and Support (DE&S)

DE&S is a new Top Level Budget established through merger of the Defence Procurement Agency and the Defence Logistics Organisation. It was formed on 1 April 2007 as a result of the Defence Acquisition Change Programme to become an integrated procurement and support organisation. The role of this TLB is therefore to equip and support the UK's Armed Forces for current and future operations. It acquires and supports through-life, including disposal, equipment and services ranging from ships, aircraft, vehicles and weapons, to electronic systems and information systems.

Science | Innovation | Technology

The prime output of this TLB ensures the Department has access to sound technical advice and technology to support military operations and future strategic capabilities, including nuclear and missile defence issues and policy, provision of technical support, and adaptation of equipment for defence requirements.

Defence Estate (DE)

DE is responsible for managing and developing the Defence Estate in a sustainable manner, in line with acknowledged best practice and Government policy.

Additional information on the Organisation and Management of Defence is available from the following sources:

- MoD Framework Document available at www.mod.uk;
- Corporate Governance Returns available at www.mod.uk.

¹ CINC Land and the Adjutant General are scheduled to combine by 2008-09.

Annex C

PSA Target 2: Detailed Assessment Against Performance Indicators

A. Afghanistan: Broadly on course – minor slippage

By end 2007-08: Accountable and democratic structures for Afghanistan's governing institutions and Armed Forces, representing Afghanistan's ethnic diversity, and operating with respect for human rights.

- Despite significant challenges resulting from the difficult security situation, there has been further good progress. To build the capacity of the Afghan National Police and the broader justice sector, HMG has funded the deployment of five police mentors and a senior police advisor to help senior Afghan police officers with the reorganisation of the Afghan National Police in Helmand. A governance advisor was also deployed to promote the development of transparent provincial governance.
- The tri-departmental Helmand quick-impact projects fund has increased its activity. HMG is also funding a UN High Commission for Refugees Afghan refugee registration programme, a donation to a new Pashtun BBC radio programme, and sending Afghan military personnel on a regional disaster management course.

B. Balkans: Broadly on course – minor slippage

By end 2007-08: Western Balkan states at peace within and between themselves and continuing on the path to closer integration with the EU and NATO.

- The Western Balkan states remain at peace within and between themselves, but inter-ethnic tensions persist. Serbia was awarded NATO Partnership for Peace (PfP) status, but lack of cooperation with the International Criminal Tribunal of the Former Yugoslavia continues to stall their Stabilisation and Association Agreement. Bosnia and Montenegro were also invited to join PfP.

- HMG has provided considerable support both multilaterally (through the EU and NATO) and bilaterally, to help establish the conditions that will help the process of integration, with particular diplomatic focus on Kosovo's final status process. Conflict prevention programmes are helping states and ethnic communities to address the underlying causes of instability in the Balkans; helping to remove the barriers to further EU and NATO integration.

C. Democratic Republic of Congo (DRC): Broadly on course – minor slippage

By end 2007-08: Reduced cross border interference in Eastern DRC, a stable government in Kinshasa overseeing accountable security services and a reduction in militia operating outside such democratic government control. (This target will focus on DRC but will necessarily take account of wider Great Lakes conflict dynamics).

- HMG made a significant contribution to the success of presidential, parliamentary and provincial assembly elections in DRC in the second half of 2006; declared credible and transparent by all observers. New government now appointed but still more likely to turn to military rather than political means to impose its will. Insufficient accommodation of opposition views. HMG supported local election monitoring (by DFID, FCO and UK parliamentarians) through funding of the Independent Electoral Commission.
- Steady improvement in regional relations has reduced the threat of border interference in Eastern Congo. Armed groups still operating but reductions in activity in Ituri, Kivus and Katanga. Internally displaced person (IDP) numbers thought likely to have reduced.
- Post election, priority HMG programmes include a focus on reform of DRC's security services to counter ongoing abuses by the army and police.

D. Iraq: Not on course – major slippage

By end 2007-08: A stable, united and law abiding state, within its present borders, cooperating with the international community, no longer posing a threat to its neighbours or to international security, abiding by all its international obligations and providing effective, representative and inclusive government for all its people.

- Progress towards Iraqi self-reliance continues, but sectarian violence, particularly in Baghdad, remains a significant problem. However, Prime Minister Maliki's determination to implement an effective Baghdad Security Plan is encouraging.
- Najaf province was handed over to Provincial Iraqi Control in December. The UK's transition plans continue, but Basra remains a significant challenge, with police corruption and infiltration by militias the main impediment. The HMG-funded policing project is making some progress, in particular the establishment of a Department of Internal Affairs to tackle corrupt and criminal elements of the Iraqi Police Service. Operation Sinbad continues to make progress, with the Iraqi Army leading the latter stages of the operation in Basra.

E. Middle East Peace Process (MEPP): Not on course – major slippage

By end 2007-08: Maximising the opportunity of Israeli withdrawal from Gaza and parts of the West Bank, significant progress towards a negotiated settlement resulting in the emergence of an independent, democratic, and viable Palestinian state with a reformed security sector, living side by side in peace and security with Israel.

- The security situation has deteriorated, with emerging intra-Palestinian violence. However, there have been some positive developments, and the Israeli-Palestinian Gaza cease-fire agreed on 25 November is holding. Talks between Hama and Fatah on a National Unity government continued.
- HMG continues to drive forward an initiative to build Palestinian Capacity, engaging international partners, especially the EU. HMG is providing technical support to the Office of the President to enable long-term reform, and planning for the economic regeneration of the Occupied Territories once the political situation allows. We have also helped maintain some areas of the Palestinian Authority Security Forces, and are encouraging their further development through engagement with the United States Security Coordinator's team.

F. Nepal: Broadly on course – minor slippage

By end 2007-08: A stable Nepal with a durable ceasefire in place with the Maoists, democratic institutions restored with respect for human rights and significant progress towards a constitutional settlement.

- Substantial progress made towards the restoration of democracy. Peace talks between the Government of Nepal and Maoists resulted in the signing of a Comprehensive Peace Accord and the adoption of an interim constitution and formation of an interim parliament, including Maoist MPs. There are however, potential difficulties following riots in the Terai, a lack of political agreement on the election system to be used and questions over Maoist commitment to the weapons management process.
- The UK has played a significant part in the peace process, through our support for the UN and engaging closely with EU partners, India and the US. We have continued to support democracy building and inclusion through engagement and funding of influential NGOs and civil society, and reducing human rights violations through co-operation with the Office of the UN High Commissioner for Human Rights.

G. Nigeria: Broadly on course – minor slippage

By end 2007-08: Local and central government effectively managing and resolving conflict and a reduction in the number of people affected by conflict.

- Tensions and politically motivated crime are increasing due to the election campaign; including the murder of some potential candidates for governor and a rise in hostage taking in the Niger Delta. The political situation is likely to worsen in the run-up to the presidential elections in April 2007.
- HMG is supporting the work of a coalition of NGOs working on a large-scale information campaign against violence during the elections. Through radio, television and other channels of information, this campaign is reaching millions of Nigerians, spreading messages about political tolerance and peaceful elections. The campaign is targeting disenfranchised youth easily manipulated for political reasons.

H. Sierra Leone: Broadly on course – minor slippage

By end 2007-08: Ongoing stable and democratic government overseeing accountable security services and a reduction in regional militia.

- Government remains stable ahead of the mid-2007 Presidential and Legislative elections. Approaching elections have caused a general slowdown in government; including progress on Anti-Corruption Commission prosecutions. Allegations of manipulation in electoral preparations have been made against all parties, suggesting an increased risk that elections will not be free and/or credible (hence the move from an assessment of 'ahead', in the FCO 2006 Autumn Performance Report, to 'broadly on course').
- HMG's substantial assistance is credited for the professionalism and accountability of the security services. HMG continues to provide a large amount of technical assistance to help increase the sustainability of the security sector. Ex-combatants within the region are not currently posing a direct threat to Sierra Leone.

I. Sudan Broadly on course – minor slippage².

By end 2007-08: A fully implemented comprehensive peace agreement between the Government of Sudan and the Sudan People's Liberation Movement (SPLM), progress towards a stable and democratic government, a reduction in militia operating outside democratic control, and a reduction in the number of deaths through violent conflict.

- HMG continues to press for full implementation of the Comprehensive Peace Agreement (CPA) and provides technical assistance on disarmament, demobilisation and reintegration planning in support of the CPA. HMG funds support to the Sudanese People's Liberation Army to transform it from a guerrilla fighting force to a disciplined armed force developing civil control and operating with respect for human rights and the rule of law.

- On Darfur, progress has been slow and erratic. HMG continues to push for progress on the military and political tracks agreed by the international community in November 2006 and press the non-signatory groups to eschew violence and adopt the Darfur Peace Agreement. HMG also continues to push the Government of Sudan to consent to transition to a hybrid UN/African Union (AU) mission in Darfur and has provided significant resources to the existing AU mission. But the humanitarian situation is precarious owing to the difficult security situation and the climate of fear affecting humanitarian organisations following a series of attacks.

J. UN Peacekeeping: Broadly on course – minor slippage

By end 2007- 08: All potential UN peacekeeping missions should follow the principles of integrated and comprehensive planning set out in the Brahimi Report of 2000, incorporating these from the onset of the planning process and carrying them forward into mission deployment with appropriate training of personnel and systematic processes for learning lessons and applying best practice.

- All new mandates take account of the multi-dimensional nature of UN missions based on Brahimi principles. A recent example is UN Security Council Resolution 1706 on Sudan, adopted in August 2006. This resolution called for an integrated strategy for the disarmament, resettlement and repatriation of foreign combatants in Sudan, incorporating military, political, social and justice-related aspects. Integrated planning for this mission took place under a high level UN Secretary General directive, however it has not yet deployed due to Sudanese objections. The Integrated Missions Planning Process has still to be firmly embedded in pan-UN culture.

² This Performance Indicator was drawn up before the beginning of the conflict in Darfur, and the judgment of progress therefore does not cover the situation in Darfur. If there were a Performance indicator for Darfur, it would be judged as *Not on course – major slippage*.

K. UN Peacekeeping: Met

By end 2007-08: A 5% increase in the number of states contributing effective peacekeepers to regional and international Peace Support Operations (PSOs) under a UN mandate, with adjustment where necessary for changes in the demand for peacekeepers.

- HMG supports work to improve the quantity and quality of peacekeepers. There are now 60 percent more military and police deployed on UN Peace Support Operations (PSOs) than there were in 2004. HMG continues to support the development of the UN's best practice, including the development of standard training modules for peacekeepers and Disarmament Demobilisation Reintegration (DDR) standards. HMG works with a range of current and potential troop contributing countries to improve their capacity for peacekeeping. Recent examples include China and Mongolia: since 2004 China have increased their contribution to UN PSO by 62%, and Mongolia has increased its contribution 50 fold.

L. African Peacekeeping: Broadly on course – minor slippage

By end 2007-08: Increased capacity in the African Union (AU) and sub-regional security organisations to manage peacekeeping missions.

- HMG support remains instrumental in helping the African Union (AU) develop the African Standby Force (ASF). Key conceptual ASF documentation was agreed in October 2006.
- Progress towards the AU's target of five regional brigades remains uneven. HMG top priorities are the West (ECOWAS – the Economic Community of West African States) which is making good progress, and the East (EASBRIG – the East African Standby Brigade) which in January took an important step forward by creating a new political umbrella body. Short-term crisis response on Darfur and Somalia is necessarily affecting AU prioritisation, diverting resources from long-term ASF development.
- HMG continues to make major contributions to expanding the pool of trained African peacekeeping personnel (some 11,000 African personnel since 2004).

Annex D

Performance Management

Since 2000, the strategic management of the MoD has been underpinned and facilitated by the Defence Balanced Scorecard. At the highest conceptual level, the Defence Balanced Scorecard is a framework that helps the Defence Management Board (DMB) translate strategy into operational objectives that drive both behaviour and performance. This is articulated in the Departmental Plan that sets out the Department's top level strategic objectives, including its Public Service Agreement (PSA) targets. The Defence Balanced Scorecard tells the Board how well the Department is

doing in terms of the objectives that underpin the Plan and thus provides insight into its ability to achieve the Defence Vision.

The first Balanced Scorecards were devised for private sector bodies. As a public sector organisation, with outputs not expressed in financial terms, the Department has adapted the model to reflect better the nature of defence. Accordingly, the four perspectives of the Defence Balanced Scorecard (Purpose, Resources, Enabling Processes and Future Capabilities) summarise the breadth of defence activity and cover the MoD's main areas of business;. This Balanced Scorecard for 2006-07 is at Figure 10 below.

Figure 10 Defence Balanced Scorecard 2006/07

Purpose

Are we fit for today's challenges and ready for tomorrow's tasks?

Current Operations: To succeed in Operations and Military Tasks today.

Future Operations: Be ready for the tasks of tomorrow.

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

Wider Government: Contribute to the Government's wider domestic reform agenda, and achieve our PSA and PPA targets

Resources

Are we using our resources to best effect?

Finance: Maximise our outputs within allocated financial resources.

Manpower: Ensure we have the people we need.

Estate: Maintain an estate of the right size and quality, managed in a sustainable manner to achieve defence objectives.

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

Defending the United Kingdom and its interests: acting as a force for good in the world

Enabling Processes

Are we a high performing organisation?

Personnel: Manage and invest in our people to give of their best.

Health and Safety: A safe environment for our staff, contractors and visitors.

Logistics: Support and sustain our Armed Forces.

Business Management: Deliver improved ways of working.

Future Capabilities

Are we building for future success?

Future Force Effects: More flexible Armed Forces to deliver greater effect.

Efficiency and Change: More flexible and efficient organisations and processes to support the Armed Forces.

Future Capabilities and Infrastructure: Progress future equipment and capital infrastructure projects to time, quality and cost estimates.

Future Personnel Plans: Develop the skills and professional expertise we need for tomorrow.

Science Innovation and Technology: Exploit new technologies.

There are a number of strategic objectives in each perspective – and 17 in total. Performance against each of the objectives is assessed on a quarterly basis. Against each objective, targets setting out required levels of performance are agreed and those in the Department who are responsible for achieving the objectives – for delivery. Detailed performance indicators and metrics are also agreed. The Performance Indicators are a mixture of lag indicators (which inform the Board about actual achievements) and lead indicators (which are used to encourage difference behaviours). Assessments may be quantitative or qualitative, and will either be provided by objective sources or subjected to lower level scrutiny and audit – by Front Line Commands or the Resources and Plans Directorates, for example. Agreeing the objectives, targets, performance indicators and metrics is an annual exercise, conducted prior to the publication of the Departmental Plan.

The DMB receives a detailed performance report four times a year. For each objective in the Departmental Plan, the report will include an assessment of actual performance from the previous and current quarter, and a forecast of performance at the end of the next three to four financial years. Analysis of the issues highlighted by the performance assessments included in the report, together with an assessment of the key risks that could jeopardise the achievement of objectives. In addition to the new Strategic Risk process established by the Defence Management Board during 2006-07 (see paragraphs 271-272 under *Business Management*) a 'bottom up' risk picture is presented associating individual risks with particular objectives from the Departmental Plan. This is drawn from the Risk Register consolidated from those maintained by TLBs and Process Owners. The information, and assessments, that the DMB receive are used to inform board discussion and decision – they may, for example, support decisions to adjust strategic direction and priorities, or the reallocation of resources. And as the Department's performance against PSA targets is assessed in the Defence Balanced Scorecard, the assessments are also used to inform reports to Parliament, No 10, HM Treasury and the Cabinet Office.

The Department's approach, and the data systems underpinning it, have been subject to continuing review, in 2002 by the Department's internal auditors, and in 2003-04 and 2006-07 by the National Audit Office for the 2002 and 2004 Spending Review PSA data systems respectively. The December 2006 *Third Validation Compendium Report* on the quality of data systems underpinning the 2004 Spending Review Public Service Agreements was generally positive about the Department's data systems, none of which were assessed as 'not fit for purpose'. And it found no weaknesses in the quality of disclosure in the Department's public performance reports.

In addition, in June 2005 the NAO published a report on the Department's arrangements for assessing and reporting military readiness following an extensive review which concluded that the Department had a good and continuously improving system for reporting readiness; and in October 2005 the NAO published a report on Joint Targets, including the Joint Target for Conflict Prevention shared by MoD, FCO and DfID.

More specifically:

- On **Operations** (PSA target 1) the Department provides a periodic and formal overall assessment through its Public Service Agreement and Annual Performance Reports. These assessments are underpinned by an appropriate and robust system for judging performance on operations and military tasks against the objectives established by Ministers. Further details are set out in the Department's supplementary memorandum to the House of Commons Defence Committee, published in its report on the MoD Annual Report and Accounts 2005-06 (HC57 dated 28 November 2006). In the *Third Validation Compendium Report* the NAO concluded that the data system is fit for the purpose of measuring and reporting performance" against this target;
- on **Conflict Prevention** (PSA target 2, joint with FCO and DfID) the NAO concluded in the *Third Validation Compendium Report* that the data system addressed the majority of risks to data quality, but needed strengthening to ensure that remaining risks were adequately concerned. In particular, the processes for assessing performance needed to be documented more clearly. The report noted that procedures had been put in place to address this. The results were reflected in the relevant Departmental Spring Performance Reports;
- on **Readiness** (PSA target 3) the National Audit Office found in its 2005 report on *Assessing and Reporting Military Readiness* that the Department has a good system for defining, measuring and reporting the readiness of the Armed Forces which compares well with those used by other countries. It noted that the readiness reporting system is continuously evolving to incorporate further improvements. In the *Third Validation Compendium Report* it concluded that while broadly fit for purpose the PSA readiness reporting system should be further strengthened, primarily to establish a system to report performance against the ability to deploy, sustain and recover the Armed Forces. This work has now concluded and the results are set out at paragraph 49 and table 5 in the Annual Report and Accounts;

- on **European Security** (PSA target 4, joint with FCO) the NAO concluded in the *Third Validation Compendium Report* that, as with conflict prevention, the compilation and assessment process needed to be documented more thoroughly to ensure consistency of judgment over time. Further work has since been done to address this point;
- on **Manning Balance** (PSA target 5) the NAO concluded in the *Third Validation Compendium Report* that the data system was fit for the purpose of measuring and reporting performance; and
- on **Equipment Procurement** (PSA target 6), the NAO's annual *Major Projects Report* covers cost, time and performance data for a sample of large projects. The Comptroller and Auditor General also validated performance against the Defence Procurement Agency's key targets, which include the PSA data set. The NAO concluded in the *Third Validation Compendium Report* that the data system was fit for the purpose of measuring and reporting performance.

Additionally, the financial data underpinning assessment of the 2004 efficiency target ultimately derives from the Departmental Resource Accounts, which are Audited by the NAO. Defence Internal Audit validates logistics efficiency data every year, and in 2006-07 also reviewed the efficiencies achieved by the People Programme. These reports are visible to the NAO. The NAO itself conducted a wider review of the Government's efficiency programme during the year (*The Efficiency Programme: A Second Review of Progress*). This included reporting on a number of the programmes within the defence efficiency programme, and specifically cited as an example of good practice the comprehensive auditing framework established to assess efficiencies arising from the Defence Logistics Transformation Programme (which comprises some 40% of the Department's efficiency programme by value).

The Department's approach to strategic management and performance continues to attract interest from wider audiences, including other Government Departments, local authorities, and other nations' Ministries or Departments of Defence. In addition, MoD performance managers are regularly invited to address and take part in international strategic and performance management symposia. This interaction provides the opportunity to share ideas and pick up examples of good practice from others than can help improve the strategic management of the Department.

Annex E

Defence Agency Performance

Name	Overall performance Number and % of targets achieved			Year on year performance – number and % of targets met which were directly comparable with the previous year		Relative performance against comparable targets in 05/06 (better/ same/worse)
	06/07	05/06	04/05	06/07	05/06	
Armed Forces Personnel Administration Agency	8/9 89%	9/10 90%	8/8 100%	5/6 83%	7/8 88%	1/3/2
British Forces Post Office ²	4/6 66%	6/6 100%	6/7 86%	4/6 50%	5/5 100%	1/3/2
Defence Analytical Services Agency	10/12 83%	8/10 80%	8/8 100%	8/9 89%	4/5 80%	3/6/0
Defence Bills Agency ²	7/7 100%	6/6 100%	6/6 100%	3/3 100%	6/6 100%	2/0/1
Defence Communication Services Agency ²	5/5 100%	5/5 100%	6/7 86%	5/5 100%	4/4 100%	3/0/2
Defence Estates ²	15/22 68%	15/22 68%	10/15 67%	10/11 91%	4/6 67%	9/1/1
Defence Medical Education and Training Agency	4/6 67%80%	3/6 50%	5/7 71%	4/6 67%80%	3/5 60%	2/2/2
Defence Procurement Agency ²	7/7 100%	7/7 100%	7/8 88%	7/7 100%	7/7 100%	6/0/1
Defence Storage and Distribution Agency	6/6 100%	6/6 100%	6/6 100%	6/6 100%	6/6 100%	1/0/5
Defence Transport and Movements Agency ²	6/6 100%	5/6 83%	5/6 83%	6/6 100%	5/6 83%	2/3/1
Defence Vetting Agency	8/9 89%	11/16 69%	6/12 50%	7/8 88%	9/13 69%	5/0/3
Disposal Services Agency ²	6/6 100%	5/6 83%	5/6 ¹² 83%	4/4 100%	2/2 100%	3/0/1
Duke of York's Royal Military School ²	5/6 83%	4/6 67%	5/8 63%	4/5 78%	2/4 50%	1/1/3
MoD Police and Guarding Agency	4/10 40%	3/8 38%	4/9 ²² 44%	1/3 33%	0/4 0%	2/1/1
People, Pay and Pensions Agency	8/9 89%	8/8 100%	9/9 ³² 100%	5/6 83%	3/3 100%	3/0/3
Service Children's Education	25/30 ³ 83%	27/34 79%	18/34 53%	25/30 83%	25/32 78%	12/3/15
Veterans Agency	8/8 100%	7/7 100%	7/7 100%	6/6 100%	6/6 100%	4/0/2

¹ Where there are multiple elements to a target, these have been counted separately.

² Agency status removed 1 April 07

³ Performance against one key target cannot be measured since the Department for Children, Schools and Families have not issued Key Stage 3 ICT Performance figures due to data collection problems.

Organisational changes

The Armed Forces Personnel Administration Agency (AFPAA) merged with the Veterans Agency on 1 April 2007 to form the Service Personnel and Veterans Agency. On the same date agency status was removed from eight defence Agencies. The majority of these changes were a consequence of the creation of the Defence Equipment and Support organisation.

Armed Forces Pay and Administration Agency

The roll out of Joint Personnel Administration (JPA) has been a significant milestone in the history of AFPAA and Service Personnel Management. For the first time individual service men and women across the Armed Forces have direct access to personnel administration services and an enquiry centre through improved processes and new technology. The Armed Forces' morale and hence operational effectiveness depends in part on the Agency's continued ability to deliver a quality service that relieves individuals of administrative worries and distractions.

The JPA project, coupled with the decision to merge the agency with the Veterans Agency on 1 April 2007, resulted in an intense level of activity and a significant strain on its resources. These two major activities did not prevent AFPAA continuing successfully to deliver a wide range of customer services to a high standard.

The agency met all but one of its key targets and sub-elements, narrowly missing the target relating to JPA target costs, mainly because of the need to adjust the programme to match the realigned Defence Information Infrastructure programme upon which JPA depends.

British Forces Post Office

The Agency has focussed its efforts towards both maintaining and enhancing the effective and efficient distribution of mail to deployed personnel. Stringent performance targets challenged BFPO during a period of increased deployment of personnel to Afghanistan and little reduction to commitments in Iraq. The Agency missed Key Target (KT) three, related to delivery of Official mail in the UK due to manpower shortages. This perversely caused BFPO to narrowly fail against KT four, relating to transit times for the delivery and collection at Defence Mail Centres. Notwithstanding these KT failures, BFPO's customers continue to be fully satisfied with the quality of service provided by the Agency.

The impending relocation of the agency has also been a high priority. Greater automation and new working practices will allow BFPO to maximise the potential of the new building and to further improve the service provided to the defence community.

Defence Analytical Services Agency

Overall performance has been high with excellent performance against Service Level Agreements, Project Agreements, the production of National Statistics and in the Customer Satisfaction Survey. However the Agency missed one element of a Key Target on timeliness in answering PQs which was beyond the Agency's control and one element of another target that related to the provision of consultancy service.

There have also been difficulties in the provision of Service manpower data and some outputs have had to be suspended. The Agency is continuing to work towards resolving the JPA manpower data problems, so that the full advantages of the system in terms of improved information can be realised.

DASA's Information Strategy was approved by its Owners Advisory Board in October 2006, setting the framework for DASA to move coherently towards its goal of being the information provider of choice within the Department.

Defence Bills Agency

This was the last year of operation for the DBA prior to the removal of Agency status, which was precipitated by the advent of MoD's new Financial Management Shared Service Centre (FM SSC), of which the DBA will form a part. Throughout the period overall performance was strong with the Agency meeting all of its key targets. The Order to Cash accounts receivable processes continue to develop with stronger links forged with the Top Level Budget organisations. In addition the DBA has continued to contribute to the Purchase to Pay project, an involvement which will ensure that the systems and processes, when delivered, will be a better fit for the new FM SSC business.

Defence Communication Services Agency

This was the last year of the DCSA and saw the Agency meet and exceed all its key targets whilst continuing the development of a number of important projects that enables the defence community to meet the Defence Vision. Support to the Armed Forces military and peacekeeping operations is a key Agency output and this high level of performance has been maintained within the context of continuing increased demand for the essential information services provided

by the Agency. This activity is worldwide and involves the deployment of complex military and commercial solutions in response to the operational tempo of supporting operations. The Agency remained at the hub of all defence-wide programmes operating in a time of challenging Defence Budgets and it was the Agency's top priority to deliver continuing performance improvement

Defence Estates

Details relating to Defence Estates can be found at paragraphs 315-339.

Defence Medical Education and Training Agency

DMETA continued to train and prepare secondary care personnel to meet the Commanders' in Chief requirements to support deployed operations and exercises. Adjustments were made to manage both the increased operational tempo and the numbers of casualties being repatriated to the UK. This has required expansion of clinical and supporting activities in Selly Oak Hospital, Birmingham, a new task, accomplished by reorganisation and enhancement of the Royal Centre for Defence Medicine and the Defence Medical Rehabilitation Centre at Headley Court.

Despite uncertainty over the application process for medical training, DMETA secured training places for all medical officers selected for entry into specialist training. All Nurse and Allied Health Professionals' training has now relocated to the Defence School of Secondary Health Care in Birmingham, where uniformed graduates achieve consistently higher numbers of distinctions than their civilian peers. However the agency missed two Key Targets, relating to individual military continuation training and customer satisfaction after the targets had been increased from previous year.

Defence Storage and Distribution Agency

2006-07 was an extremely busy year for the Agency. It had to deliver the savings stipulated by the Future Defence Supply Chain Initiative whilst maintaining service levels and working towards a routine seven day supply chain for Issue of Materiel by October 2007. It delivered successfully against its extremely tough Key Targets, whilst reducing the manpower, budgetary and location footprints. Against a manpower target of 4729 posts, there were 4562 filled posts as at 1 March 2007, an overachievement of 167.

The Agency has maintained the very high customer service levels in its Explosive Business Area whilst delivering a tenfold increase in the volume of munitions delivered to operational theatres. For the Non Explosive Business Area (NEBA) the Agency successfully achieved routine delivery within twelve days with an ever-reducing resource and is on course to achieve the seven day target by October 2007. In the NEBA receipt activity was 4% more than forecast by customers. Whilst Issue activity was 6.8% less than forecast, the number of high priority demands requiring far quicker processing increased significantly from July 2006.

Defence Transport and Movements Agency

The past year has again followed the very high operational tempo of the previous four and has been exceptionally busy and demanding. Support to operations has remained DTMA's focus, with sustainment and roulement of forces deployed to Iraq and Afghanistan continuing at high levels and requiring significant planning and management. The extensive overseas exercise programme and support to overseas garrisons, has increased the demands placed on the Agency and its staff.

DTMA has also been actively engaged in a number of key projects: firstly replacement of existing processes for aircraft tasking with a new system (Boeing Operational Control System), which spans the complete airlift process for inputting airlift bids. Secondly, the implementation of the Defence Travel project, which aims to improve the way the MoD books travel through the introduction of an on-line self-booking facility. Initial Operating Capability was achieved for the Defence Travel Modernisation Organisation, who will be responsible for the implementation of the Defence Travel project, in December 06. All DTMA Key Targets have been met with transactions and services successfully provided within agreed Time, Quality, Quantity and Cost.

Defence Vetting Agency

The Agency delivered successfully against its Key Targets, exceeding against eight targets or sub-targets and narrowly missing the ninth (relating to completion of developed vetting cases) by 1%. Another notable achievement was the award of Charter Mark accreditation in recognition of the level of customer service it provides. The DVA's reputation for providing a quality vetting product continued to attract new repayment business from other Government Departments, which increased by some 30% over the previous year. Working closely with the Cabinet Office, the Agency is also moving forward on its strategy to

become a Shared Services provider for national security vetting and be recognised as the lead authority across government on security vetting process and risk based assessment of cases.

Disposal Services Agency

This was another successful year in which the DSA achieved all its Key Targets and secured £84M in gross sales income. Two ex-Royal Navy Type 23 frigates were handed over to the Chilean Navy with very positive media impact. The DESO/DSA Joint Venture Agreement formula proved very successful in addressing key support issues for Type 23 frigates and future export opportunities. Regeneration work on HMS Sandown was overseen by the Agency prior to handover to Estonia. A UK Submarine Rescue System agreement was signed with James Fisher Defence Ltd and a Memorandum of Agreement with BAES.

DSA was increasingly involved in disposals activities in ten overseas locations including Iraq and Afghanistan. Overall Customer Satisfaction remains high at 94% and the Agency successfully launched its new online auction functionality. The website experienced a period of intense activity and at its peak was processing 500 new users every hour. The use of credit card payments (another first for the DSA) will be built upon during the coming year.

Duke of York's Royal Military School

The school ceased to be an Agency on 1 April 2007. During the year it sustained its good performance both academically and financially. Although failed to meet one sub-target relating to the generation of income, that was due to factors beyond its control. There was continuing high performance at GCSE, an increased performance at A level and an increased percentage of high grades achieved. The school continues to provide extremely good value for money and a dynamic high quality education for service children, with results well above national averages.

Ministry of Defence Police and Guarding Agency

This has been a challenging year for the Agency to continue to deliver an effective policing and guarding service to the MoD estate in a climate of increased budget restrictions and where a major gap in Agency finances had been identified. Work is on going to close this with assistance from customers and stakeholders. The Agency continues to deliver a professional policing and guarding service to the defence estate in support of the Defence Mission and wider MoD objectives. It met four of its targets and sub-elements in full and another relating to efficiency in part. The

crime detection rate increased substantially from 39% to 72%, whilst customer satisfaction also increased markedly, although falling short of the target. The agency also missed its targets on the delivery of agreed customer tasking and recruitment from ethnic communities. Increasing the diversity of MDP officers will continue to be a priority.

People, Pay and Pensions Agency

This was the first full year of operation for the PPPA which was launched in April 2006, building on the previous Pay and Personnel Agency. The Agency met all its targets and sub-elements, other than one related to average timeliness for salary payments, expenses payments and pensions awards. It has continued to deliver already established services such as salary and expenses payments and pensions awards while introducing new shared HR services. These services included internal recruitment, welfare, early retirement, redundancy, and the MoD outplacement scheme. Other successes have included the successful delivery of the Band B and Band D Assessment Centres. Customer satisfaction for pay and pensions services have continued to rise and the Agency is now in the top quartile of similar businesses providing services to internal customers. Satisfaction in new services is much lower, but this is not unexpected at this stage of a radical shared services programme. Further improvements have been made to hardware platforms, software and power supply with significant improvements in performance and resilience.

Service Children's Education

The Agency performed particularly well against its Key Targets. Key Target one, which compares the performance of SCE students against the English National Average, saw eleven of the twelve sub-elements across Key Stages 1-3 met or exceeded, the target for GCSE results narrowly missed and 97% of A-Level entries exceeding the level required. SCE continued to compare extremely favourably with Local Education Authorities in the UK (Key Target two), being notionally placed at 15th, 15th and 8th (of 150) in Key Stages 1-3 respectively. The Agency again improved its performance in supporting students at the higher level of attainment (Key Target three), meeting or exceeding the national performance level in nine of the twelve sub-targets. Although performance against Key Target four improved from 2005-06, it narrowly failed (by less than two points) to match the level of improvement in the UK. However the small SCE cohort produces a disproportionate impact on overall Agency performance at this level. The final Key Target confirmed that parental satisfaction with SCE at its schools remains exceptionally high at 90% of respondents.

Veterans Agency

The Veterans Agency achieved all its Key Targets. Notable achievements included further reducing appeals clearance time from 217 days in 2005-06 to 207 days in conjunction with the Department of Constitutional Affairs Court Services, and reducing the average time for claims to war pension by a further 5.8% to 49 working days. The Agency also worked in partnership with AFPAA in preparation for their merger on 1 April 2007, ensuring a smooth transition to a single Agency and some improvements to services.

Trading Funds

Table 32 Defence Trading Fund Performance

Name	Overall Performance Number and % of targets achieved			Year on Year Performance – number and % of targets met which were directly comparable with the previous year		Relative performance against comparable targets in 05/06 (better/same/worse)
	06/07	05/06	04/05	06/07	05/06	
ABRO	4/5 80%	4/5 80%	3/5 60%	4/5 80%	3/4 75%	4/1/0
Defence Aviation Repair Agency (DARA)	4/4 100%	3/4 75%	5/5 100%	3/3 100%	1/2 50%	1/1/1
Defence Science and Technology Laboratory (DSTL)	5/6 83%	8/10 80%	7/7 100%	4/5 80%	4/5 80%	2/3/0
Met Office	4/4 100%	5/5 100%	3/6 ¹ 50%	2/2 100%	1/1 100%	2/0/0
UK Hydrographic Office (UKHPO)	3/6 50%	3/6 50%	4/6 67%	3/5 60%	2/4 50%	2/0/2

Notes:

1. Previously reported as 4/7 because two sub-elements had been counted independently

ABRO

ABRO is the defence engineering business that provides repair, re-manufacture and engineering of land based equipment in support of the UK Armed Forces.

2006-07 has been a challenging year for ABRO both by responding to the challenges created by current operations as well as reacting to changes in the defence industry driven by the modernisation of logistics support to the front line.

An extensive programme for the in-depth repair and upgrade of the FV430 fleet was announced by the MoD in March 2006, resulting in substantial additional work for ABRO's armoured vehicle repair centre at Bovington. ABRO's other armoured vehicle centre at Donnington, successfully met customer demands for support to the Warrior and Combat Vehicle Reconnaissance (Tracked) fleets. The one-stop shop service that ABRO provides the Armed Forces continued to meet customer demands for repair and maintenance across the full range of land based equipments both from its own (ABRO's) current workshops and an increasing number of in-barracks support locations.

ABRO has performed well this year, achieving revenues of £137.2M (2005-06: £137M) and delivered four of its five Key Targets. Net profit achieved was £4M and the Return on Capital Employed was 7.1%.

ABRO continues in its role within the MoD/BAES Land System Partnering Agreement and is developing wider partnerships with other key defence Original Equipment Manufacturers both in the UK and overseas.

Looking to the future, ABRO must position itself securely in the wider maintenance, repair and overhaul market while improving effectiveness and efficiency so that value for money performance against tight deadlines is best in class.

Defence Aviation Repair Agency

DARA provides deep level maintenance, repair and overhaul services for military aircraft, systems and components. As a Trading Fund, it also has freedom to compete for other commercial work. The MoD defence-related work accounts for the vast majority of DARA's revenue, either directly with the MoD or as a sub-contractor to defence Original Equipment Manufacturers. A key objective of DARA is to provide a responsive, flexible and highly competitive service to the UK Armed Forces.

Following the Ministerial announcement in February 2006 about the future of DARA's six businesses, DARA has closed the Fast Jet business at St Athan and the Engines business at Fleetlands on time and to budget. This was due, in some significant part, to the constructive relationship DARA has with its various Trades Unions. Working closely with them, DARA was able to keep compulsory redundancies to a minimum and meet the needs and aspirations of as many employees as possible through voluntary means. Many employees took up opportunities to retrain for posts in other areas of DARA while others were able to secure positions in the wider MoD and in other Government Departments.

Work continues to determine whether sale of DARA's Rotary and Components businesses will offer MoD best value for defence and better long-term prospects for the business and their employees.

The merger of DARA's remaining business (Electronic and Large Aircraft (VC10)) was announced in a Ministerial statement on 22 May 2007 and work is underway to develop a unified support group. Formal TUs consultations commenced on 24 May 2007 and are due to end 6 July 2007.

Notwithstanding the backdrop of closure and uncertainty, DARA has achieved all its Key Targets for the period and has turned in a solid business performance. This is attributable and testament to the professionalism and pride of the DARA workforce who continue to play an important role supporting the front line.

Defence Science and Technology Laboratory

DSTL's core role is to provide independent, objective, high quality, scientific, analytical, technological and engineering advice and services to the MoD and UK Armed Forces. It carries out only work which must be done in Government. Its mission is to create the winning edge for the UK Forces and Government through the best use of science and technology, by delivering timely advice and solutions to the Government's most important defence and national security related problems in the most efficient and effective manner.

Although turnover rose from £353M during 2006-07 to £367M, this was entirely due to one large contract handled on behalf of the US DoD. Excluding Ploughshare, net profit for DSTL increased slightly from £22.6M in 2006-07 to £22.8M and ROCE fell from 9.1% to 7.9% over the same period, both remained ahead of expectations following the cut in DSTL's margin on ascertained cost contracts; this was mainly due to delays in the iLab programme where costs have slipped into the next year coupled to ongoing internal efficiencies. Manpower change rates continued to be held below the target for the sixth consecutive year, indicating a reduction in real terms of the cost to customers.

As well as achieving the ROCE target, DSTL achieved all but one of its other five Key Targets. The targets on delivering high quality outputs and achieving a high score for scientific and technical capability in technical benchmarking were comfortably achieved, as were the in-year milestones aimed at bringing DSTL onto three sites by 2009, and at ensuring DSTL has an integrated corporate business environment in place by the end of 2008-09. The customer satisfaction target was

not achieved; however, 29% of customers surveyed reported that DSTL's level of service had increased and only 7% felt that it had decreased. Priority areas for improvement have been identified and are reflected both in action plans and in an additional Key Target for the coming year.

DSTL's wholly owned technology management company, Ploughshare Innovations Ltd, successfully completed its second full year of operations. Nine new licence agreements have been signed since Ploughshare was formed and a further 20 agreements are under negotiation. Income from licence agreements has more than doubled in two years. The first sale of a spin-out company (Acolyte Biomedica Ltd to the £M Corporation) has taken place.

Looking to the future, DSTL will be seeking to develop its partnerships with the new Defence Equipment and Support organisation, other customers, industry and science and technology providers, in the context of the Defence Industrial Strategy and the Defence Technology Strategy, while continuing to invest in DSTL's future capabilities. The strategic integrated laboratory improvement programme 'i lab' remains a key enabler to this, with the most significant issues over the next three years being (a) to rationalise the DSTL estate to three core sites in order to maximise synergy and coherence of delivery to customers, and to reduce unnecessary duplication in laboratories, facilities and support functions, and (b) to ensure DSTL has in place an integrated corporate business environment by the end of 2008-09. These themes are reflected in DSTL's new Key Targets.

Met Office

2006-07 was another very successful year at the Met Office in which it met all of its Key Performance Targets (KPT) for the second year running. It has also been an important year for clarifying its vision and strategic direction. In 2006-07 it published a new vision, 'making our forecasts essential to everyone, every day' and outlined its strategic direction in 'Shaping our Future' which accompanies an updated Corporate Plan 2007-2011.

The role and future direction of the Met Office were scrutinised in-year by the House of Commons Defence Committee which underlined the importance of its public task, including its work in support of defence and the wider priorities of Government. It also drew attention to the Met Office's international reputation for scientific excellence in weather forecasting and climate research and the importance of its commercial performance.

The Met Office continued to play a major role in informing Governments, businesses and individuals of the range of possible outcomes of climate change, underpinned by climate research and prediction studies carried out at the Met Office Hadley Centre. The world leading reputation of the Hadley Centre was confirmed in an independent review commissioned by Defra and MoD which concluded, amongst other things, that: *"It is beyond dispute that the Met Office Hadley Centre occupies a position at the pinnacle of world climate science and in translating that science into policy advice"*. The major contribution made by the Met Office Hadley Centre both to the Stern Review and the Intergovernmental Panel on Climate Change Fourth Assessment Report, are two examples of just how vital and high-profile its climate prediction work now is.

There were also notable advances in Numerical Weather Prediction (NWP). The Met Office ensemble forecasting system was developed to provide uncertainty estimates for short-range forecasts. The Met Office also introduced a new NWP model for the North Atlantic and Europe that has helped improve the accuracy of weather forecasts for the UK, as reflected in the achievement of the challenging KPT for forecast accuracy.

Turnover in 2006-07 was £171.0M compared to £170.4M in 2005-6. Whilst the Met Office had a good trading year with operating profit improvements and a reduction in interest charges, exceptional costs increased leading to a slight decrease in profit before dividend from £9.5M in 2005-06 to £8.8M. Profit from commercial activities rose significantly from £2.8M in 2006-07 to £3.9M in 2006-07. ROCE decreased from 5.3% in 2005-06 to 4.0%, but remained Return on Capital Employed above the 3.5% target.

The future for the Met Office is one of responsibility, opportunity and challenge. Ongoing responsibility to provide essential day-to-day weather forecasts; exploiting new opportunities by packaging its weather and climate change science in a way that is meaningful to customers; and responding to the challenge of staying ahead in a growing marketplace by continuing to offer world-class science, customer focus and service excellence.

UK Hydrographic Office

The UKHO has four Top Level Objectives:

- Operational Support to defence
- Support to the UK's 'Safety of Life at Sea' treaty Obligations
- Developing profitable business streams
- Organisational Excellence

UKHO's vision is "to remain the world leader in the supply of marine navigational information and services". The navigational and other products and services provided to the defence customer, primarily the Royal Navy, are crucial to the conduct of operations globally. The UKHO also plays a central role, in support of the Maritime and Coastguard Agency, in discharging the UK's obligations under the UN Safety of Life at Sea convention – such as by providing charting of UK waters. It has built up a significant commercial business; supplying navigational charts, publications and other services with world-wide coverage to mariners.

The UKHO has had another very successful year's trading and continues to provide excellent support to the Defence Customer. Net profit of £7.5M (£9.9M 2005-06) and ROCE of 12.2% (17.2% 2005-06) were ahead of target. Return on Commercial sales were strong, with income growth in both paper and digital.

Mike Robinson took over as Chief Executive in July 2006. He has refocused the Agency's commercial strategy on its core market, the Merchant Marine, and in particular on positioning for the transition from paper to digital navigation. The role of Chief Executive had previously been combined with that of National Hydrographer. On his appointment, the roles were split. Rear Admiral Ian Moncrieff has been appointed National Hydrographer and takes the lead on developing the relationships with the UKHO's international partners, on whom it is largely dependant for data supply to support the world-wide series. The UKHO's top priorities remain support for defence and discharging SOLAS obligations.

Further information

Further details on Trading Funds can be found in individual Trading Fund annual reports and accounts at:

- ABRO – www.abrodev.co.uk;
- DARA – www.daranet.co.uk;
- DSTL – www.dstl.gov.uk;
- Met Office – www.met-office.gov.uk;
- UKHO – www.ukho.gov.uk

Annex F

Government Standards

Fraud

The MoD emphasis on the deterrence and detection of irregularity, including fraud, theft and corruption was augmented during the year by the introduction of the Defence Irregularity Reporting Cell. This cell, jointly supported by the MoD Police Fraud Squad, the Defence Fraud Analysis Unit (DFAU) and the Defence Estates Fraud Prevention Unit, now acts as the central point for the reporting and recording of all suspicions and the allocation of these to the appropriate investigative authorities including line management. It also monitors to conclusion the progress of investigations, including those separately identified and handled by Service Police authorities under Service reporting procedures. This simplification of reporting procedures, which provides for whistleblowing disclosure, will become fully effective during 2007-08. It is thought, however, to have already contributed during the year to the identification of a record number of 421 suspicions with an estimated value of £0.68M compared to 382 cases valued at £1.65M in the previous year. Full publicity was given to the new process and incorporated in a pan-MoD programme of 68 presentations to an aggregate audience of 4793 staff conducted by the DFAU. The recorded increase in suspicions includes significant rises in the volume of cases involving travel and subsistence claims and in personnel management cases such as abuse of flexi-time or leave and sick related incidents. Following earlier endorsement by PUS and CDS of the Departmental policy of zero tolerance regarding irregularity, including fraud, theft and corruption, a revised and updated Departmental policy statement has been prepared for issue in May 2007.

Bill Payment

This was the last year of operation for the Defence Bills Agency (DBA) prior to the removal of Agency status which was precipitated by the advent of MoD's new Financial Management Shared Service Centre (FM SSC), of which the DBA will form a part. Throughout the period overall performance was strong with the Agency meeting all of its Key Targets. The Order to Cash accounts receivable processes continue to develop with stronger links forged with the Top Level Budget organisations. In addition, DBA has continued to contribute to the Purchase to Pay project, an involvement which will ensure that the systems and processes, when delivered, will be a better fit for the new FM SSC business.

Table 33 Bill Paying Performance – Proportion of Bills Settled within Thirty Calendar Days

	2006-07		2005-06	
	Target	Achieved	Target	Achieved
Defence Bills Agency	99.9% (within 11 days)	99.9% 5,268,462 invoices representing £20.79B	99.9% (within 11 days)	99.9% 5,621,028 invoices representing £20.18B
ABRO	100%	95% 74,237 invoices representing £80.6M	100%	96% 70,959 invoices representing £74.2M
Defence Aviation Repair Agency	100%	96% 14,305 invoices representing £146.4M	100%	96.38% 14,922 invoices representing £165.4M
Defence Science and Technology laboratory	98%	98.23% 32,893 invoices representing £204.13M	98%	98.4% 36,742 invoices representing £238.5M
Met Office	99%	99.55% 12,722 invoices representing £68.774M	99%	99.48% 12,689 invoices representing £57.909M
UK Hydrographic Office	100%	98.4% 14,382 invoices representing £46.9M	100%	98.8% 12,998 invoices representing £48.6M

Open Government

Freedom of Information

During 2006-07, the MoD continued to attract more requests for information than any other Central Government Department. The operating procedures designed for the introduction of the FOI Act in January 2005 were reviewed and strengthened as necessary in the light of the first full year's experience. The internal guidance available to MoD staff was revised and developed to reflect the evolving guidance issued by the Information Commissioner and the Ministry of Justice (then the Department of Constitutional Affairs). The Access to Information Toolkit, which provides a facility to monitor and manage FOI requests to some 1000 users across the MoD, was upgraded and improved. The Department's formal training programme has also been revised and updated in response to policy and procedural changes, and to users' requirements.

The MoD website has been developed to make it easier to submit FOI requests for information to the Department electronically. The Publication Scheme has been extended with new Classes of Information added. The MoD actively participated in the Information Commissioner's workshops on further development of the Publication Scheme.

Table 34 Requests for information under the Freedom of Information Act in Financial Year 2006/2007

Category	MoD Performance	Total for Government Departments
Number of requests received	3185	17754
Of these:		
% of requests answered within 20 working days	83%	80%
% of requests answered 'in time' (1)	88%	90%
% of requests that were late	12%	10%
Total of 'resolvable' requests (2)	2658	13282
Of these:		
% of resolvable requests where information was granted in full	70%	60%
% of resolvable requests where information was withheld in full	11%	19%

Notes:

(1) 'In time' means that the timescale for response has been extended under the terms of section 10 of the FOI Act 2005.

(2) 'Resolvable requests' are those where it is possible to provide a substantive response. They exclude requests which are lapsed or on hold, where information was not held, and where it was necessary to provide advice and assistance since in each of these cases it would not have been possible to resolve the request in the form it was asked.

Asbestos Contaminated Files

Work to re-establish access to the information contained in records affected by asbestos contamination in the Old War Office Building continued in 2006-2007. The full scale project to reconstitute the records, which commenced in December 2005, was extended by six months when it became apparent that the affected records contained more pages than expected; work is now due to be completed in early 2008. Following successful scanning, the original files are being destroyed in accordance with both security and health and safety regulations. FOI requests that have been frustrated because of the asbestos contamination are being answered in date-of-receipt order as reconstituted records become available.

Transfer of Files to The National Archives

The routine review and transfer of records to The National Archives (TNA) has continued. In 2006-2007 over 8,200 files were reviewed and released to general access. In addition, MoD has continued to support TNA in dealing with FOI requests for files that are held by TNA but not available to the public.

Ministerial Correspondence

Ministry of Defence Ministers and Agency Chief
Executives' Performance in Replying to correspondence
from Members of Parliament, Members of Devolved
Legislatures, Members of the European Parliament,
and Peers.

Table 35: Requests for Information under the Freedom of Information Act between 1 April 2006 and 31 March 2007

	Target set for despatch (working days)	Number of letters received for answer	Percentage of replies within target
Ministry of Defence (excluding Defence Agencies)	15	6,797	50
Defence Agencies/Trading Funds			
ABRO	15	2	100
Armed Forces Personnel Administration Agency ¹	15	145	97
British Forces Post Office ²	15	-	-
Defence Analytical Services Agency	15	-	-
Defence Aviation Repair Agency	15	3	100
Defence Bills Agency ²	10	-	-
Defence Communication Services Agency ³	15	-	-
Defence Estates	15	2	100
Defence Medical Education and Training Agency	15	-	-
Defence Procurement Agency	15	-	-
Dstl	15	1	100
Defence Storage and Distribution Agency	15	-	-
Defence Transport and Movements Agency ⁴	15	-	-
Defence Vetting Agency ⁵	7	2	100
Disposal Services Agency	15	-	-
Duke of York's Royal Military School	15	-	-
Ministry of Defence Police	15	2	0
People, Pay and Pensions Agency	10	3	100
Service Children's Education	15	-	-
The Met Office	15	12	92
UK Hydrographic Office	15	-	-
Veterans Agency ¹	15	1,054	100

1 On 1 April 2007, AFPAA and the VA merged to become the Service personnel and Veterans Agency.

2 With effect from 1 April 2007, both PFPO and DBA lost their Agency status.

3 With effect from 2 April 2007, DCSA lost its Agency status and is now part of DE&S as Information and Systems and Services.

4 With effect from 1 April 2007, DTMA lost its Agency status and became Defence Supply Chain Operations and Movements.

5 With effect from 31 March 2007, DSA lost its Agency status.

Sponsorship

Table 36 satisfies the Cabinet Office requirement to publish details of individual commercial sponsorship deals that are valued in excess of £5,000, VAT exclusive, and where they supplement Government funding of any Departmental core business.

Table 36: Sponsorship between 1 April 2006 and 31 March 2007

Activity	TLB	Individual Sponsors	Company Contribution £ VAT EX
HMS Albion loan of vehicles	Fleet	Land Rover UK	63,000
HMS Bulwark loan of vehicles		Land Rover UK	35,000
HMS Illustrious loan of vehicles		Land Rover UK	30,000
HMS Ocean loan of vehicles		Land Rover UK	27,000
Royal Navy Presentation Team		Jaguar Cars Ltd	34,495
RNAS Culdrose Air Day 2006		Lockheed Martin Ltd	21,277
RNAS Yeovilton		Jaguar	53,000
HMS Ark Royal Re-Dedication Ceremony		Babcock Engineering Service	8,510
		Serco Denholm Ltd	6,383
		Land Rover/Jaguar	63,000
		Agusta Westland	4,255
		Lockheed martin	4,255
		Rolls-Royce Marine	4,255
		BAE Systems	8,510
RAF Aerobatic Display Team	PTC	Serco	10,000
		BAE Systems	10,000
		BAE Systems	25,000
		Breitling	12,500
RAF Hercules Display Team	STC	Land Rover UK	11,668
Battle of Britain Memorial Flight		Autologic	20,000
		Land Rover	12,000
		LDV	16,000
DESO Symposium 2007	Centre	Defense News (U.S. publication)	10,582
DESO Symposium 2007 Evening Reception		Finmeccanica UK	17,021
Blue Eagles Display Team	AG	Breitling UK	12,000
		Special Event Services	30,000
		GM UK (SAAB)	15,000
		EDS	25,000
The Rheindahlen and Elmpt Bulletin	Land	Mitsubishi Motors Bruggen	19,700
Royal Regiment of Wales		Brains Brewery	15,000
Formation Parade, Regimental Ski Team and Corps of Drums		Scottish and Southern Energy	8,000
Colchester Military Festival		Taylor Woodrow	9,900
		Sir Robert McAlpine	9,900
		RMPA, Sodexho, Atkins	9,900
		Lagan Keltbray	9,900
Total			672,011

Advertising

Spending by the Royal Navy on advertising and public relations expenditure was £10.3M. This includes the costs of national and regional advertising, recruitment activities, publications, the website, and various other promotional activities. This expenditure supports recruiting, raises public awareness of the Naval Service and helps to spread a positive image of the Royal Navy and Royal Marines. The Army's Recruiting Group national marketing spend in 2006-07 for both the Regular and Territorial Army, Officer and Soldier, was £23.3M. This encompassed television, press, radio and internet advertising, the production of DVDs and print media such as brochures and pamphlets, response handling and fulfilment, the Camouflage youth information scheme, the ArmyJobs website, marketing research and tracking as well as overarching production and design work. In 2006-07, spending by the Inspectorate of Recruiting (RAF) on recruitment advertising and marketing totalled £10.4M. This comprised expenditure on a wide range of marketing activities for both the RAF and RAuxAF including all media and production for advertising campaigns, response handling, the RAF Careers and Youth websites, literature, films, exhibitions, events, sports sponsorships, educational programmes, customer relationship marketing, promotional items and all marketing research.

Better Regulation

The Armed Forces Act received Royal Assent in November 2006. The MoD is not currently sponsoring any primary legislation. No Regulatory Impact Assessments were completed in 2006-07, although a number are in progress and will be published at www.mod.uk once they are finalised.

Civilian Recruitment

The MoD has a legal obligation to the Civil Service Commissioners to publish summary information about our recruitment processes and the use of permitted exceptions to the principles of fair and open competition and selection on merit. The information published in Table 37 also meets these requirements. The Department's recruitment figures for 2006-07 are at paragraph 311 of this report and include figures for permanent and temporary (casual) recruitment. The following information on the use of permitted exceptions has been collated separately and does not include figures for temporary (casual) recruitment. Table 37 contains information about the MoD's recruitment exceptions in the last twelve months; it includes details of the number of individuals who were appointed and their appointment circumstances.

Use of temporary staff continues to be required in order to manage reductions and unit closures or to meet specialist skills shortages. Secondments are recognised as a beneficial development opportunity but have been more focussed on the business needs during this turbulent period.

The transformation of the Civilian Human Resource as part of the People Programme will bring significant change to the recruitment flexibility offered to meet Government initiatives for the long term unemployed and those who require supported employment.

Table 37: Civilian Recruitment

	2006/07		2005/06		2004/05	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Total number of staff recruited ^{[1] [2]}	2,860	1,070	3,510	1,130	5,480	1,700
Number and percentage of women recruited ^[2]	1,250 (43.7%)	250 (23.7%)	1,510 (43.1%)	290 (25.6%)	2,440 (44.6%)	470 (27.4%)
Number and percentage of ethnic minorities recruited ^{[3] [2]}	120 (6.5%)	30 (4.2%)	170 (7.2%)	20 (3.00%)	130 (4.2%)	20 (1.2%)
Number and percentage of people with disabilities recruited ^{[3] [2]}	10 (0.4%)	0	10 (0.3%)	TBC	40 (0.7%)	20 (1.2%)
Appointments of less than 12 months in respect of those posts specified in Annex A of the CSCRC.	4	0	0	0	0	0
Extensions up to a maximum of 24 months, of appointments originally made for a period of less than 12 months (with reasons). ^[4]	14	0	28	2	28	3
Recurrent short term appointments.	2	30	2	27	31	60
Short term appointments where highly specialised skills are required. ^[5]	2	0	10	0	16	0
Appointments under Government programmes to assist the long term unemployed. ^[6]	0	0	0	0	1	0
Secondments. ^[7]	0	0	6	0	4	0
Extensions to secondments (with reasons). ^[8]	0	0	3	0	4	0
Re-appointments of former civil servants.	45	17	35	4	95	28
Transfers of staff with their work (not under TUPE).	9	2	2	3	20	1
Transfers of staff from other public services without work (excluding public bodies staffed exclusively by civil servants). ^[9]	5	0	2	0	78	0
Appointments of surplus acceptable candidates to shortage posts.	0	0	3	0	3	0
Appointments of disabled candidates under modified selection arrangements.	1	0	3	1	11	2
Supported employment appointments.	0	0	0	0	3	0
Number of exceptions reserved for the Commissioners' use.	0	0	0	0	0	1
Any appointments exceptionally approved by the Commissioners under the Orders in Council, outside the terms of the Code.	0	0	0	0	0	0

Notes:

^[2] No diversity information for the Defence Procurement Agency (DPA) is known and not included in these figures for 2004/05.

^[3] Figures are compiled from questionnaires returned by individual recruits.

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

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

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

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

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

^[9] Figures for 2004/5 include 74 Police Officers transferred from Home Office Police Forces.

Annex G

Defence Equipment Programme and Collaborative Procurement

Major Projects are defined as the twenty largest equipment projects that have passed their main investment decision point (Main Gate), and the ten largest equipment projects that have passed their initial investment decision (Initial Gate), by value of forecast spend remaining. The List of Major Projects was set at 1 April 2006, and the list below includes information for the end of the financial year, 31 March 2007. The following tables show key performance information of Major Projects that have passed Main Gate approval, broken down by capability area. The precise definition of In Service Date (ISD) varies with different equipment, although, in general terms, it can be taken to refer to the date on which the equipment is expected to be available and supportable

in service in sufficient quantity to provide a useable operational capability. The dates quoted for ships and submarines are based on the acceptance date from the contractor of the First of Class, not the date by which the equipment (or a specified number of pieces of equipment) will contribute to the operational capability of the Royal Navy.

Battlespace Manoeuvre

The Battlespace Manoeuvre area incorporates capabilities designed to provide direct battlefield engagement: theatre airspace; tactical mobility; expeditionary logistic support; nuclear, biological and chemical defence; battlefield engineering; special projects; and combat service support. While most of the equipment will be utilised by the Army, it also covers significant capabilities used by other services

Table 38 Capability Manager Battlespace Manoeuvre Equipment Programme

Post Main Gate Projects

Equipment	Description	Current Forecast Cost (£millions)	Current Forecast ISD	Quantity Required Current
Ground Manoeuvre				
Ground Manoeuvre C Vehicle Capability PFI	Commercial Provision of 'C' Class vehicles	702	2006	n/a
Terrier	Armoured earthmoving vehicle	296	2008	65
Next Generation Light Anti-armour Weapon	Short range anti-armour weapon	314	2008	14,002
Expeditionary Logistics & Support				
A400M	Heavy transport aircraft	2,616	2011	25
Support Vehicle (Cargo and Recovery)	Cargo and recovery vehicles and trailers	1,338	2008	4852 Cargo; 288 Recovery; 69 Trailers
Theatre Airspace				
Meteor/BVRAAM	Air-to-Air missile	1,204	2013	Note 1
Typhoon	Fighter Aircraft	Note 2	2003	232

Notes:

(1) Weapon Numbers are classified

(2) Current forecast cost for Typhoon is classified due to commercial sensitivities

and joint organisations; for example, the RAF's Typhoon and assets that will belong to the Joint Helicopter Command.

Precision Attack

The Precision Attack area covers the above-water and under-water battlespaces, and deep target attack. It contains programmes ranging from nuclear submarines and surface warships to sonars, torpedoes air-launched weapons and artillery systems, for delivery to all three services. The table below does not reflect major equipment programmes where orders have not yet been placed, such as the future aircraft carriers.

Information Superiority

This capability area covers intelligence, surveillance, target acquisition and reconnaissance, and command, control and information infrastructure. Most projects are inherently tri-service in nature.

Table 39 Capability Manager Precision Attack Equipment Programme

Post Main Gate Projects

Equipment	Description	Current Forecast Cost (£millions)	Current Forecast ISD	Quantity Required Current
Above-Water Effect				
Type 45 Destroyer	Anti-air warfare destroyer	6,110	2009	6
Under-Water Effect				
Astute Class Submarine	Attack submarine	3,656	2009	3
Nimrod Maritime and Reconnaissance Attack Mk4	Reconnaissance and attack patrol aircraft	3,516	2010	12
Sting Ray	Life extension and capability enhancement	592	2006	Note 1
Deep Target Attack				
Brimstone	Advanced Air-Launched anti-armour Weapon	911	2005	Note 1
Guided Missile-Launch Rocket System (GMLRS)	Rocket weapon system	263	2007	4080
Joint Combat Aircraft (JCA)	Attack aircraft	1,913	Note 2	Note 2

Notes:

(1) Weapon numbers are classified

(2) Joint Combat Aircraft Main Gate Business Case was tailored for development only to match the US procurement cycle. Approval for ISD and quantities required approval will be sought as part of Main Gate Production Business Case.

Table 40 Capability Manager Information Superiority Equipment Programme**Post Main Gate Projects**

Equipment	Description	Current Forecast Cost (£millions)	Current Forecast ISD	Quantity Required Current
Bowman	Tactical voice and data communications	2,014	2004	43,000 radios
CIP	Three interrelated projects (combat DBL infrastructure, PBISA)	338	2005	n/a

Collaborative Procurement

A list of collaborative programmes is published on the MoD website. We made progress on a number of collaborative procurement issues.

European Defence

The European Defence Agency entered its second year with work gathering pace on a wide range of projects and initiatives in the areas of armaments and industry/markets. The UK's pivotal role in the development of the Code of Conduct on Defence Procurement came to fruition when 22 members of the then 24 participating Member States signed up to the voluntary Code which entered into force on 1 July 2006. By 28 February 2007, 130 contract opportunities had been posted on the Electronic Bulletin Board at an estimated value of €6.5bn. The scope of the EBB was widened on 29 March 2007 to include sub-contract opportunities. European Commission work on opening up the European Defence Equipment Market led to an Interpretative Communication (IC) on the use of Article 296 of the Treaty of Rome (issued 6 December 2006) in which the UK played a key role in its development. Following issue of the IC, the Commission turned its attention to preparing the way for a possible Defence Directive. The MoD initiated a number of consultations in response to inform the way forward.

OCCAR (Organisation for Joint Armaments Co-operation)

OCCAR has now reached a reasonable state of maturity, and attention is turning to sustainment of its future. This work centred on the establishment of a formal working relationship with the European Defence Agency (building on the complementary nature of their roles) and was the subject of a well-attended seminar held in September 2006. Work also continued on deepening OCCAR's competences, with particular focus on in-service support. On OCCAR managed programmes, the A400M Wing Assembly Building was opened in Filton, Bristol; final deliveries of the COBRA (Counter Battery Radar) system were made to the British Army; and two further firings were successfully undertaken on the Principal Anti-Air Missile System programme.

Typhoon Future Protocols

The agreement and signature of a Strategic Cooperative Arrangement for Typhoon in April 2007 was a logical evolution of the Typhoon Future protocols signed last year. It demonstrated that, at board level, there is a willingness to change behaviours and move forward to improve the programme efficiency for production and development as well as through-life support. Significant progress on achieving greater through-life efficiencies has already been made over the last six months.

A set of metrics has been developed jointly by EF GmbH (Eurofighter company based in Munich) and NETMA (NATO Eurofighter and Tornado Management Agency) and is under trial usage, leading to functional implementation from June 2007 onwards. The performance metrics should have clear benefit for all in the future analysis of the strategic management of the programme.

Letter of Intent (Lol) Framework Agreement

As part of the six nations Lol focus on recognising

European industry's efforts to restructure, we continued to work closely with partners to pursue measures aimed at removing barriers to industrial and equipment co-operation. During 2006-07 the six nations started to consider future activities of the Lol and its relationship with the European Defence Agency, with a view to ensuring that a transparent relationship with EDA is maintained and appropriate Lol outputs are assimilated into the EDA to the benefit of the wider membership.

United States of America

Through a number of fora, including the Bilateral Defence Acquisition Committee, we continued to work closely with the US Departments of Defense and State to press for improved information and technology exchange on a number of programmes, including the Joint Strike Fighter.

Annex H

Non Departmental Public Bodies

The Department sponsors five executive and eleven advisory Non-Departmental Public Bodies (NDPBs), two Public Corporations, a Stakeholder Advisory Board and an Independent Monitoring Board. Discussion is ongoing regarding the classification of a number of other bodies with links to the Department. A brief description of the Executive NDPBs and Public Corporations is set out below. Details of their funding from the Defence Budget and total gross expenditure can be found at paragraph 32.2 to the Departmental Resource Accounts on page 275. More detailed information on these and the other bodies sponsored by the Department can be found at the MoD website at www.mod.uk.

Executive NDPBs

The Principal Service Museums are the repositories of world-class collections of objects and artefacts relating to the heritage of the Armed Forces. In addition to raising public awareness of the history, traditions and achievements of the Armed Services and encouraging scholarship and research into their history, the museums directly support the strategic aims and policies of the Armed Forces and play an important role in service recruitment and education.

The National Army Museum's visitor numbers rose by 86.5% from 107,576 to 200,675. 4,746 digital images of objects in the Collection were created and the Museum's website was redesigned, attracting 653,550 electronic visitors. Special Exhibitions during the year included 'The Somme', 'Painting the Troubles: An Artist in Northern Ireland' and 'Captive' – a look at the lives of British Prisoners of War over the centuries. The Museum's core collection of heritage military vehicles moved to new purpose-built premises in Stevenage. Important items added to the National Collection, included 17th century oil paintings of Colonel John Hutchinson, Parliamentarian Governor of Nottingham during the Civil War and his famous wife and biographer, Lucy; and papers of Major Allen Holford-Walker describing the first British tank attack at the Battle of Flers Courcellette in September 1916.

The RAF Museum contains the world's only exhibition relating to the history of the Cold War, which was opened at Cosford in February 2007 by HRH Princess Royal, with Baroness Thatcher. Since opening, the new exhibition has welcomed a record number of

visitors and has set a new standard in the display and interpretation of historic artefacts and material. The Museum's Access & Learning Development Division is introducing a range of interactive history and science classroom experiences where students and teachers may download the sessions and teaching materials for use within their own environment.

The Royal Marines Museum's total visitor numbers increased by 6% due to the success of the Museum's Heritage Centre in Devon. A new exhibition titled "End of Empire" was installed in the Museum's permanent galleries and there was successful fundraising for the refurbishment of the Museum's Medal Room, with the Heritage Lottery Fund awarding a grant of £50,000. Full accreditation was achieved from the Museums, Libraries and Archives Council (MLA) and the Museum received recognition as an Investor in People under the new standard.

The Royal Naval Museum mounted a very successful special exhibition 'Dreadnoughts' to mark the 100th anniversary of the launch of HMS Dreadnought, receiving over 60,000 visitors. A series of popular workshops were developed to make the Museum's collections accessible to school children, together with a family programme for schools holidays, which brought in nearly 10,000 new visitors – mostly children – in their first year of operation. Overall visitor numbers held up well at around 200,000. The Museum, assisted by the Heritage Lottery Fund, began work on its ambitious three year 'Sea Your History' Project, the aim of which is to improve public access to the collections of the four Naval Museums by digitising over 15,000 objects from their holdings, and placing them on a special new website at www.seayourhistory.co.uk. The first section of the new site went 'live' in December 2006 and other sections will follow in 2007/08.

The Royal Navy Submarine Museum's visitor numbers increased by 9%, and the results of a Heritage Lottery Fund survey conducted during 2006 indicated a very high level of public satisfaction both with the new John Fieldhouse Building and the Museum as a whole. The Museum operated a 'transport-paid' scheme for local schools that gave thousands of children the opportunity for extra-curricular activities which otherwise would have been denied them because of budgetary constraints. The Museum was gifted the fifth scale builders model of HMS Vanguard. This impressive artefact, the last of its type ever to be used by the Admiralty, is an important addition to the Museum's

collection. A major achievement was the granting of Accreditation by MLA.

Public Corporations

The Fleet Air Arm Museum was reclassified as a Public Corporation by the Office of National Statistics. VisitBritain renewed the Museum's Quality Assured Visitor Attraction Status, and the MLA awarded Accredited Museum status. School visits increased to over 10,000 pupils of all ages, and the Museum continued to host "Flying Start Challenge" in co-operation with the aerospace and engineering companies in the region, in which students are required to design and build a "device" which meets the competition criteria set for the day. The three years of painstaking work on the Museum's Corsair WW2 fighter continued to draw attention for its groundbreaking approach and received two awards from conservation and historical organisations.

Oil and Pipeline Agency: The strategic importance of the Government Pipeline and Storage System (GPSS) was clearly demonstrated following the Buncefield incident. There has been record throughput of aviation fuel through the system helping to alleviate fuel supply problems at some of the major airports. New pump stations contributed to this success. In the southern sector of the GPSS, key pipelines and tankage were the subject of major maintenance works that were implemented successfully to programme and budget. Buncefield also raised many regulatory issues and the activities of the OPA were subject to intense scrutiny, resulting in a statement of satisfaction by the regulatory authorities with the performance of the Agency in managing the operation and maintenance of the GPSS.

Annual Public Appointment Plan

The Committee on Standards in Public Life recommended in its Tenth Report that departments produce annual plans setting out policy and practice relating to public appointments. The MoD's Annual Public Appointment Plan includes diversity figures and targets that were previously included in the now discontinued Cabinet Office publication *Delivering Diversity in Public Appointments*.

Policy

The MoD is committed to following the Code of Practice of the Commissioner for Public Appointments. All MoD Non-Departmental Public Bodies, Public Corporations and Independent Monitoring Boards are encouraged to follow the Code of Practice whether or not an appointment is Ministerial and therefore formally within the remit. In practice the majority of MoD public appointments are Ministerial. The Department is fully committed to improving diversity throughout its workforce and this is reflected in our approach to filling public appointments. Paragraph 313 set out the initiatives and actions we have taken to improve diversity. MoD public appointments are made entirely on merit. Remuneration is based on the sum needed to attract suitably qualified candidates and to reflect the time commitment and regularity of work involved in the position.

Report on Achievement of Objectives

The diversity targets for public appointments to MoD Non-Departmental Public Bodies, Public Corporation and Independent Monitoring Board to achieve during the period of this Annual Report and the actual figures achieved by our public appointees to Non-Departmental Public Bodies are shown in Table 41. We are currently considering whether to move to a unified recruitment centre serving the whole Department. This could benefit our public appointments by widening the field of potential candidates, and particularly by identifying the best ways to communicate with minority groups.

Within the overriding principle of selection based on merit, we aim to improve the representation of women, people from minority ethnic backgrounds and people with disabilities within our public appointments to MoD NDPBs, Public Corporation and Independent Monitoring Boards. Our policy is in line with the Government's long-term objectives of equal representation of men and women, pro-rata representation of people from minority ethnic backgrounds and the increased participation of people with disabilities. We also promote the benefits of diversity within their membership.

Table 41: Diversity targets for public appointment to MoD Non-Departmental Public Bodies, Public Corporation and Independent Monitoring Board

		2006-07	2008	2009
Women	Target	33%	35%	35%
	Achieved	19%		
Ethnic minorities	Target	3.5%	4%	4.5%
	Achieved	0.5%		
Disabled People	Target	5.5%	5.5%	6%
	Achieved	9%		

Glossary

1SL/CNS. First Sea Lord and Chief of the Naval Staff: Professional head of the Navy. Member of the Defence Management Board, the Admiralty Board and the Chiefs of Staff Committee and the Chair of the Navy Board. Currently held by an officer of the rank of Admiral.

2nd PUS. 2nd Permanent Under Secretary. The Deputy to the Permanent Under Secretary. Member of the Defence Council and Defence Management Board, the Admiralty, Army and Air Force boards and their executive committees, the Acquisition Policy Board, the Investment Approvals Board, official chair of the Defence Environment and Safety Board, and joint head, with the Vice Chief of the Defence Staff, of the Central Top Level Budget organisation.

2SL/CNH. Second Sea Lord and Commander-in-Chief Naval Home Command. The Royal Navy's Principal Personnel Officer of the rank of Vice Admiral, and a member of the Admiralty and Navy Boards. Also known as the Chief of Naval Personnel. He has responsibility for maintaining operational capability by providing correctly trained manpower through recruitment into the Royal Navy and Royal Marines and individual training.

ABRO. A Trading Fund Agency of the MoD formally known as Army Base Repair Organisation. ABRO provides engineering support (including complex repair and servicing, re-manufacture and assembly) and fleet management services to the MoD, the defence industry and other commercial businesses for land based equipment ranging from radios to battle tanks.

ACPP: Africa Conflict Prevention Pool. The arrangements run jointly by the MoD, FCO and DfID to deliver the Government's conflict prevention objectives in Africa. The ACPP has an annual budget of £31M.

Activity Levels. The proportion of regular military personnel deployed on operations and other military tasks.

Admiralty Board. The Admiralty Board is chaired by the Secretary of State for Defence and is delegated by the Defence Council to administer the activities and personnel of the Royal Navy.

AFB: Air Force board. The Air Force Board is chaired by the Secretary of State for Defence and is delegated by the Defence Council to administer the activities and personnel of the Royal Air Force.

AFBSC Air Force Board Standing Committee. The AFBSC conducts the day-to-day business of managing the Royal Air Force on behalf of the Air Force board. It brings together, under the Chief of the Air Staff (CAS), the RAF operational and personnel commanders, and supports the CAS in his executive role, his management and operational advisory roles, and as the professional head of the RAF.

AFCS: Armed Forces Compensation Scheme. A scheme, introduced from 6 April 2005, for members and ex-members of the Regular Armed Forces (including Gurkhas) and Reserve Forces, to pay compensation for injuries, illnesses or deaths which are caused by service on or after 6 April 2005. In the event of a Service person's death caused by service, benefits are payable to eligible dependants.

AFPS: Armed Forces Pension Scheme. The non-contributory defined benefits pension scheme covering all members of the Armed Forces.

AG: Adjutant General.

a) The Army's Principal Personnel Officer, of the rank of Lieutenant General, and a member of the Army Board and the Executive Committee of the Army Board. He has responsibility for providing trained army officers and other ranks through recruitment into the Army and individual training. He also provides education services to children of all members of the Services on long-term foreign postings.

b) The Top Level Budget (TLB) organisation managed by the Adjutant General.

ALI: Adult Learning Inspectorate. The ALI is a statutory non-departmental public body that inspects and reports on the quality of education and training for adults and young people funded by public money.

AME: Annually Managed Expenditure. Spending included in Total Managed Expenditure that does not fall within Departmental Expenditure Limits (DELs), such as nuclear provisions and War Pension Benefits. Expenditure in AME is generally less predictable and/or controllable than expenditure within DELs.

AMP: Air Member for Personnel. The RAF's Principal Personnel Officer, of the rank of Air Marshal, a member of the Air Force Board and Air Force Standing Committee. He is responsible for providing trained RAF officers and other ranks through recruitment into the RAF, individual training and subsequent management.

Anti-surface weapons. Weapons designed to attack targets on the surface of the land or sea.

AFPAA: Armed Forces Personnel Administration Agency. Responsible for provision of personnel services, including administration of pay and pensions, for the Armed Forces. Merged with the Veterans Agency from April 2007 to form the Service Personnel and Veterans Agency.

APB: Acquisition Policy Board. The MoD's top level board, chaired by the Minister for Defence Procurement or, in his absence, the PUS. It oversees the development of defence acquisition policy and processes and defence industrial policy, and reviewing and monitoring the coherence of acquisition performance targets.

Apprentices. New entrants to the Armed Forces undertaking training in particular skilled trades.

Appropriations-in-aid (A-in-A). Receipts used to offset expenditure. They generally arise from the provision of repayment services, the sale of surplus goods or of equipment purchased on behalf of the Defence Sales Organisation. Excess A-in-A are subject to Consolidated Fund Extra Receipt (CFER).

Army Board. The Army Board is chaired by the Secretary of State for Defence and is delegated by the Defence Council to administer the activities and personnel of the Army.

Army Reserve See **Regular Reserves.**

Assessment Centre. The formal process used by the MoD to assess suitability of civil servants for promotion into junior management (Band D) and middle management (Band B) grades.

Assets. Can be either financial or non-financial. Financial assets include monetary gold, bank deposits, IMF Special Drawing Rights, loans granted bonds, shares, accounts receivable, and the value of the government's stake in public corporations. Non-financial assets consist of fixed capital (such as buildings and vehicles); stock, land and valuables.

ASTA: Aircrew Synthetic Training Aids. A Full Mission simulator that replicates all aspects of a real flying mission, allowing pilots to match the aircraft and its weapons against interactive attacks, whilst experiencing the pressures and demands of high speed jet flight. A cockpit trainer, a lower level device, is primarily used to introduce the pilot to the cockpit environment and procedures.

ASTOR: Airborne Stand Off Radar. A new capability which will provide a long range all weather theatre surveillance and target acquisition system capable of detecting moving, fixed and static targets.

AWE: Atomic Weapons Establishment. One of the largest high technology research, design development and production facilities in the UK. Its primary task is to produce and maintain the warheads for the UK's independent nuclear deterrent.

BAES: An international company engaged in the development, delivery and support of advanced defence and aerospace systems in the air, on land, at sea and in space. It designs, manufactures and supports military aircraft, surface ships, submarines, fighting vehicles, radar, avionics, communications and guided weapons systems.

Balance Sheet. A financial statement showing the assets, liabilities, and net worth of a business on a specified date.

Band B. A grade in the civilian rank structure immediately below the Senior Civil Service. Previously known as Unified Grades 6 and 7.

Battalion. An Army fighting unit, usually comprising between 400 – 800 personnel, commanded by a Lieutenant Colonel. See **Regiment**.

Berlin Plus Arrangements. Arrangements negotiated between the European Union and NATO to allow for the EU to have access to NATO's assets and capabilities so that NATO can support the EU, so that there's full transparency between the two organisations and so that we cooperate with the most efficient, the most effective mechanisms possible so that resources are used in the most efficient way.

BOWMAN. A tri-Service tactical communications and information system.

BNFL: British Nuclear Fuel plc. An international nuclear energy business, involved in fuel manufacture, reactor design and services, as well as decommissioning and environmental services; cleaning up the legacy of the Cold War.

Brigade. An Army Brigade is a collection of units that have been formally grouped together for a specific purpose, commanded by a Brigadier. A fighting Brigade will contain a mix of infantry, Reconnaissance, Armoured, Engineer, Artillery and Logistic units together with supporting specialist capabilities. The composition of a Brigade will differ depending on its responsibility but usually contains about 5,000 soldiers.

BTEC. Business and Technology Education Council. Vocational qualifications to prepare students for employment or for progression to higher education, often taken as an alternative to A-levels.

BVRAAM: Beyond Visual Range Air-to-Air Missile. The next generation air-to-air weapon, also known as Meteor, which will provide Typhoon with the capacity to combat projected air-to-air threats throughout the life of the aircraft and contribute to the superiority requirements of UK and NATO operations.

Capability Reviews. A Cabinet Office initiative, launched in early 2006, aimed at improving the capability of the Civil Service to meet today's delivery challenges and be ready for tomorrow's. The reviews will help departments to identify where they need to improve and what support they need to do so. The reports on these reviews will be published, with clear assessments of current performance and key actions to be taken to improve. Capability Reviews supersede Performance partnership Agreements.

CAS: Chief of the Air Staff. Professional head of the Royal Air Force, member of the Defence Council and Defence Management Board, the Air Force Board and the Chiefs of Staff Committee, and Chair of the Air Force Board Standing Committee. Currently held by an officer of the rank of Air Chief Marshal.

CBRN: Chemical, Biological, Radiological and Nuclear materials. Unconventional materials potentially capable of use in weapons of wide area impact, often collectively known as Weapons of Mass Destruction.

CBW: Chemical and Biological Warfare. The use of chemical and biological weapons in conflict. Possession and use of Chemical and biological Warfare is illegal under the Chemical Weapons Convention and the Biological and Toxin Weapons Convention.

CDL: Chief of Defence Logistics. Head of the Defence Logistics Organisation TLB. Member of the Defence Council and Defence Management Board, Acquisition Policy Board and Investment Approvals Board. The post was disestablished on creation of the DE&S organisation headed by the CDM on 2 April 2007.

CDP: Chief of Defence Procurement. Head of the Defence Procurement Agency TLB and member of the Defence Council and Defence Management Board, Acquisition Policy Board and Investment Approvals Board. The post was disestablished on creation of the DE&S organisation headed by the CDM on 2 April 2007.

CDM: Chief of Defence Materiel. The head of Defence Equipment and Support, launched on 2 April 2007 as a result of merging the Defence Procurement Agency and Defence Logistics Organisation. Member of the Defence Council and Defence Management Board, Investment Approvals Board and Acquisition Policy Board.

CDS: Chief of Defence Staff. The professional head of the UK Armed Forces and principal military adviser to the Secretary of State for Defence and the Government. Member of the Defence Council and Defence Management Board, and Chairman of the Chiefs of Staff Committee.

CFE: Treaty on Conventional Armed Forces in Europe. A treaty which established comprehensive limits on conventional military equipment in Europe (from the Atlantic to the Urals) mandated the destruction of excess weaponry and provided for verification and inspection.

CFER: Consolidated Fund Extra Receipt. Receipts realised in excess of amounts authorised as Appropriations in Aid of the supply Estimates, or of kinds which HM Treasury does not allow Departments to use in aid of expenditure. Such receipts are surrendered to the Consolidated Fund as Extra Receipts.

CGS: Chief of the General Staff. Professional head of the Army, member of the Defence Council and Defence Management Board, the Army Board and Chiefs of Staff Committee, and the Chair of the Executive Committee of the Army Board. Currently held by an officer of the rank of General.

CJO: Chief of joint Operations.

- a) the senior joint military operational commander, of the rank of Vice Admiral, Lieutenant General or Air Marshall, responsible for running all military operations other than those so large that a more senior officer is required, or those undertaken predominantly by one Service such that it makes sense for the operation to be commanded by the operational TLB led by that Service (CINCFLEET, Land Command, or Strike Command). Military assets are assigned to CJO only for the duration of the operation.
- b) The Top Level Budget organisation managed by CJO, including the Permanent joint Headquarters, the Sovereign Base Areas in Cyprus and British forces in Gibraltar and the Falkland Islands.

CINCFLEET: Commander-in-Chief Fleet. The Royal Navy's principal operational commander, of the rank of Admiral, and a member of the Admiralty and Navy Boards.

CINCLAND: Commander-in-Chief Land.

- a) The Army's principal operational commander, of the rank of General, and a member of the Army Board and Executive Committee of the Army Board.
- b) Top Level budget organisation managed by CINCLAND responsible for the delivery of trained expeditionary armed forces to CJO at agreed readiness rates.

CINCAIR: Commander-in-Chief Air Command.

- a) The Royal Air Force's principal operational commander, of the rank of Air Chief Marshall, and a member of the Air Force Board and Air Force Board Standing Committee.
- b) Top Level Budget organisation managed by Air Command responsible for the delivery of trained expeditionary air power to CJO at agreed readiness levels.

CIS: Communication and Information systems.

Civil Contingencies Act. The Act, and accompanying non-legislative measures, will deliver a single framework for civil protection in the United Kingdom capable of meeting the challenges of the twenty-first century. The Act is separated into two substantive parts: local arrangements for civil protection and emergency powers. It Received Royal Assent in November 2004.

CMS: Common Military Skills. Core military skills in which recruits are trained in the first stages of their training.

COBRA: Counter-Battery Radar. A 3-D phased radar system designed to locate enemy artillery at very long ranges.

Combat I.D.: The process of combining situational awareness, target identification and specific tactics, techniques and procedures to increase operational effectiveness of weapons systems and reduce the incidence of casualties caused by friendly fire.

Commission. The legal authority of an Officer's appointment to the Armed Forces. Precise terms vary according to Service and specialisation within each Service.

Conflict Prevention. Early warning, crisis management, conflict resolution, peacemaking, peacekeeping, and peace-building activity and an associated strengthening of international and regional systems and capacity.

Corps:

- a) An organised collection of Regiments or groupings of soldiers that share a common area of specialist expertise to ensure common practice and that common interests can be catered for efficiently.
- b) An Army fighting unit comprising two or more divisions with associated specialist supporting units, commanded by a Lieutenant General.

COS: Chiefs of Staff Committee. The Chiefs of Staff Committee is chaired by the Chief of the Defence Staff. It is the main forum in which the collective military advice of the Chiefs of Staff is obtained on operational issues. The PUS attends the COS Committee.

Cost of Capital Charge. An annual non-cash charge applied to each department's budget. It is 3.5% of the net assets of the department and is used to make departments aware of the full cost of holding assets.

CSA:

- a) **Chief Scientific Adviser.** The MoD's senior expert scientific advisor, recruited externally, Head of Science Innovation and Technology TLB, member of the Defence Council and Defence Management Board and Chair of the Investment Approvals Board.
- b) **Customer Supplier Agreement.** An agreement, usually between TLBs, detailing in terms of quality, quantity and timeliness the outputs required from the supplier to enable the customer to meet its defence outputs.

CSPS: Civil Service Pension Scheme.

CTLB: Central TLB. The Central Top Level Budget organisation has responsibility for the MoD Head Office, covering Defence policy as well as Departmental policy on the equipment programme, resources, finance, personnel and security, as well as a range of non-Head Office functions. The Central TLB provides a diverse range of corporate services for the MoD as a whole. These include pay, bill payment, consultancy services, accountancy, some training, statistical analysis, central IT systems, public relations, defence exports and policing. The Central TLBs remit also encompasses provision of medical services.

CTP: Career Transition Partnership. A partnering arrangement between Right Management Consultants and the MoD to deliver improved resettlement services to all ranks from the Armed Forces.

Current expenditure on goods and services is the sum of expenditure on pay, and related staff costs, plus spending on goods and services. It is net of receipts from sales. It excludes capital expenditure, but includes expenditure on equipment that can only be used for military purposes since that is counted as current expenditure. It differs from final consumption in that capital consumption is not included.

Current prices. Prices prevailing at the time.

CVR(T): Combat Vehicle Reconnaissance (Tracked). A light tank used for reconnaissance.

DAC: Defence Audit Committee. The Defence Audit Committee is a subcommittee of the Defence Management Board, chaired by an independent non-executive member of the DMB. It reviews and constructively challenges the adequacy of internal controls, risk management and assurance processes within the MoD. In particular it reviews the Department's assurance arrangements and Statement on Internal Control contained within the Departmental Resource Accounts (the DRAC) annually and reports on these to the Accounting Officer.

DACP: Defence Acquisition Change Programme. The Defence Acquisition Change Programme is a single coherent acquisition reform programme that has been initiated to deliver aspects of the cultural, behavioural, procedural and organisational change identified in the Defence Industrial Strategy and the recommendations from the Enabling Acquisition Change report.

DARA: Defence Aviation Repair Agency. In 1999, DARA brought together the RAF maintenance Group Defence Agency (MGDA) and the Naval Aircraft Repair Organisation (NARO). It is the largest Government owned aerospace repair facility within Europe, delivering one-stop-shop aerospace support to the MoD, overseas governments and Industry. DARA became a Trading Agency of the MoD in April 2001. Following changes in provision of aviation support, the Government announced in May 2007 that DARA's residual functions will be merged with ABRO from April 2008.

DASA: Defence Analytical Services Agency. DASA was created in July 1992 and provides National Statistics on Defence and other corporate information, forecasting and planning and consultancy, advice and research services to the MoD.

DBA: Defence Bills Agency. Primarily responsible for paying bills submitted to the MoD by defence contractors.

DCSA: Defence Communication Services Agency. Provided telecommunications and related services to the MoD and was part of the DLO. Disestablished from 1 April 2007 on creation of DE&S.

DE: Defence Estates. The Top Level Budget organisation that manages and maintains the defence estate. DE ceased to be an Agency in April 2007.

DE&S: Defence Equipment & Support. DE&S is the single organisation (formed on 2 April 2007) from merging the Defence Procurement Agency and Defence Logistics Organisation) responsible for the procurement and support of equipment used by the Armed Forces.

Defence Aim. The Defence Aim is set out in the MoD's Public Service Agreement. It is to deliver security for the people of the UK and Overseas territories by defending them, including against terrorism, and act as a force for good by strengthening international peace and security.

Defence Balanced Scorecard. The Defence Balanced Scorecard is a framework that helps the DMB to translate strategy into operational objectives that drive both behaviour and performance. This strategy is articulated in the Departmental Plan, which sets out the department's top level strategic objectives, including our Public Service Agreement (PSA) targets. The Defence Balanced Scorecard tells the DMB how well Defence is doing in terms of the objectives that underpin the plan. Ultimately this assessment tells the DMB whether Defence is 'succeeding' and gives them an insight into the department's ability to achieve the Defence vision.

Defence Budget. Under Cash Accounting, the amount of money planned to be spent during a financial year. Under Resource Accounting and Budgeting (RAB), the sum of resources planned to be consumed during a financial year. See Resource budgeting.

Defence Council. The Defence Council is chaired by the Secretary of State for Defence and provides the formal legal basis for the command and administration of the Armed Forces under a range of powers vested in it by statute and Letters Patent.

Defence Estate. The built facilities and rural land required to deliver defence output.

Defence Mission. The objectives of the Ministry of Defence are to provide the capabilities needed: to ensure the security and defence of the United Kingdom and Overseas Territories, including against terrorism; to support the Government's foreign policy objectives particularly in promoting international peace and security.

DTC: Defence Technology Centre. Centres of excellence for conducting innovative, cutting edge research for enhanced UK Defence capability. They are exemplars for research collaboration between Government, UK Defence, Small-Medium Sized Enterprises, and Universities.

Defence Vision. The Defence Vision set out by the Defence Management Board, is: *Defending the UK and its interests; Strengthening international peace and stability; A Force for good in the world. We achieve this aim by working together on our core task to produce battle-winning people and equipment that are: Fit for the challenge of today; Ready for the tasks of tomorrow; Capable of building for the future.*

DEFRA: Department for Environment, Food and Rural Affairs. DEFRA is the Government Department responsible for all aspects of the environment, rural matters, farming and food production.

DEL: Departmental Expenditure Limit. DELs are firm plans for three years for a specific part of a department's expenditure. In general the DEL will cover all running costs and all programme expenditure except, in certain cases, spending is included in departmental AME because it cannot be reasonably be subject to close control over a three year period. DELs are divided into current and capital budgets.

Depreciation. Also termed capital consumption. The measure of the wearing out, consumption or other loss of value of a fixed asset whether arising from use, passage of time or obsolescence through technological and market changes.

DERA: Defence Evaluation and Research Agency. On 2 July 2001 DERA was split into two parts: QinetiQ, and the Defence Science and Technology Laboratory (Dstl).

DESB: Defence Environment and Safety Board. Chaired by the Under Secretary of State or, in his absence, the 2nd PUS, provides direction, sets objectives, monitors, reviews and reports on performance with regard to the environment and safety in defence.

Devolved Administrations. The devolved administrations of Scotland, Wales and Northern Ireland have responsibility for certain defined areas of domestic Government in their parts of the UK.

DFAU: Defence Fraud Analysis Unit. A dedicated unit within the Defence Internal Audit organisation to evaluate suspected irregularities, support police authorities, promote risk awareness, record reported fraud and theft, liaise with the Treasury and provide advice on procedures and policy.

DfES: Department for Education and Skills. Government Department responsible for setting education and skills policy in England. Now the Department for children, schools and families – and the Department for Innovation, Universities and Skills on 28 June 2007.

DfID: Department for International Development. Government Department responsible for the UK's development aid and work to get rid of extreme poverty.

DH: Department of Health. Government Department responsible for setting health and social care policy in England, and sets standards and drives Modernisation across all areas of the NHS, social care and public health.

DIA: Defence Internal Audit. The MoD's principal Internal Auditing body, whose primary role is the provision of independent and objective advice on the economy, efficiency and effectiveness of systems and controls at all levels of the Department. It reports directly to the Defence Audit Committee.

DII: Defence Information Infrastructure. A fully networked and managed information system being acquired to support Defence worldwide, underpinning much of the defence Change Programme.

Direct Entry Officers. Army officers (previously called Mainstream officers) who either come direct from civilian life or from the ranks of the Army, commissioned on completion of the 11 month Royal Military Academy Sandhurst (RMAS) Commissioning Course. They will normally be under the age of 29 on entry to RMAS.

DIS:

a) **Defence Industrial Strategy.** Announced on 15 December 2005, the Defence Industrial Strategy is aimed at ensuring that our Armed Forces are provided with the equipment that they require, on time, and at best value for money. It aims to identify the sustainable industrial base required to retain within the UK those industrial capabilities (including infrastructure, skills, intellectual property and capacity).

b) **Defence Intelligence Staff.** Organisation that provides timely, all-source intelligence assessments to: guide Departmental decision making on the formulation of Defence policy and the commitment and employment of the UK's military forces; inform decisions on the generation and maintenance of operational military capability, including through the Equipment Programme; and contribute to wider national intelligence collection and assessment.

Division. An Army Division made up of two or more Brigades depending on the specific role it is to undertake and is configured in a similar fashion to a Brigade but on a larger scale, commanded by a Major General. 1 (UK) Division and 3 (UK) Division are fighting Divisions. 2, 4 and 5 Division are responsible for administrative support of specific geographical areas within the UK.

DLO: Defence Logistics Organisation. The Top Level Budget organisation formed on 1 April 1999 to bring together the logistics support organisations in the Royal Navy, Army and Royal Air Force and Centre staff. It contains a number of specialist Defence Agencies. With effect from 2nd April 2007, Defence Logistic and Defence Procurement Agency have merged to form the new Defence Equipment & Support TLB.

DLTP: Defence Logistics Transformation Programme. A single coherent programme of work incorporating all logistic transformation activities across Defence to achieve improved operational effectiveness, efficiency and flexibility.

DMB: Defence Management Board. The Defence Management Board (DMB) is the highest, non-ministerial committee in the MoD. Chaired by PUS, it is essentially the main corporate board of the MoD, providing senior level leadership and strategic management of Defence. Its role is to deliver the Defence Aim set out in the Public Service Agreement. It comprises the non-ministerial members of the Defence Council and a number of non-executive members. It is responsible for the role of Defence, providing strategic direction, vision and values; for Objectives and targets, establishing the key priorities and defence capabilities necessary to deliver the MoD's Departmental objectives; for Resource allocation and strategic balance of investment to match Defence priorities and objectives; and for Performance management, managing and driving corporate performance.

DMS: Defence Medical Services. Comprises the Defence Medical Services Department and the three single Service medical directorates.

DOC: Directorate of Operational Capability. DOC provides an independent source of evaluation and audit within the Armed Forces on a range of issues, including operational lessons learnt studies and appraising the care and welfare of Armed Forces initial training establishments.

DPA: Defence Procurement Agency. The DPA was the Top Level Budget Organisation responsible for the procurement of equipment to meet new requirements. It is also a Defence Agency. It is located mainly at Abbey Wood, Bristol. With effect from 2nd April 2007, Defence Logistic and Defence Procurement Agency have merged to form the new Defence Equipment & Support TLB.

DRDL: Devonport Royal Dockyards Ltd. A company which runs and owns the Devonport Royal Dockyards in Plymouth.

DSDA: Defence Storage and Distribution Agency. The Defence Agency that provides the Armed Forces with storage and distribution services.

DSL: Debut Services Ltd. A joint venture between Bovis Lend lease Ltd and Babcock Infrastructure Services to provide property maintenance and capital works projects across Defence.

DSTL: Defence Science and Technology Laboratory. An agency and trading fund of the MoD created from part of DERA on 2 July 2001. It provides specialist scientific and technical support to the MoD.

DTC: Defence Technology Centre. A formal collaborative arrangement between industry and academic experts in a particular technology, funded jointly by participants and the MoD, who work together to generate and enhance the technology vital to the delivery of future UK Defence capabilities.

DU: Depleted Uranium. Uranium is a natural element found in soil, water and mineral deposits. It is a heavy metal, nearly twice as dense as lead, is radioactive and chemically toxic. DU is a waste product, (what is left after the removal of some of the more radioactive parts of natural uranium for use in the nuclear industry) and being a very dense and hard metal is an ideal core for tank shells designed to pierce armoured vehicles.

DUOB: Depleted Uranium Oversight Board. An independent panel of scientists and veterans' representatives appointed to oversee the MoD's depleted uranium (DU) screening programme.

DWR: Deep Waste Repository. A facility for the storage of nuclear waste deep underground.

EAC: Enabling Acquisition Change. An internal study established to examine the MoD's ability to conduct Through Life Capability Management. The study team report was published on 3 July 2006.

ECAB: Executive Committee of the Army Board. ECAB conducts the day-to-day business of managing the Army on behalf of the Army Board. It brings together, under the Chief of the General Staff, the Army operational and personnel commanders, and supports the CGS in his executive role, his management and operational advisory roles, and as the professional head of the Army.

Environment Agency. The environmental regulator for England and Wales.

ERW: Explosive Remnants of War. Unexploded ordnance (such as bombs, missiles and artillery shells), which may be primed, fused, armed or prepared for use, and may have been abandoned.

ESDP: European Security and Defence Policy. The European Union has agreed on the establishment of a European Security and Defence Policy to ensure it has the tools to undertake crisis management operations, where NATO as a whole is not engaged, in support of its Common Foreign and Security Policy.

Ethnic Minority. A group within a community which differs ethnically from the main population.

EU: European Union. The framework for economic and political co-operation between 25 European countries. It began as a post-war initiative between six countries pooling control over coal and steel to guarantee a more peaceful future for Europe. It now manages co-operation on issues as wide-ranging as the environment, transport and employment, and has increasing influence in defence and foreign policy.

EUFOR. The EU-led peacekeeping force responsible for security in Bosnia-Herzegovina.

FCO: Foreign and Commonwealth Office. The Government department responsible for UK foreign and security policy.

Finance Director. The MoD's senior finance officer, responsible for all aspects of the Department's financial performance and a member of the Defence Management Board.

Fleet. The Top Level Budget (TLB) organisation managed by Commander-in-Chief Fleet which was formed on 1 April 2006 from the CINC Fleet TLB and Chief of Naval Personnel TLB.

FOI: Freedom of Information. An Act giving a right of public access to recorded information held by public authorities subject to certain defined exemptions.

FRES: Future Rapid Effects System. A project to enhance the deployability of UK Land Forces by delivering a family of medium weight, network capable armoured vehicles, such as armoured personnel carriers, reconnaissance, command and control, and or ambulance vehicles. The project is currently in the Assessment Phase.

FE: Force Element. An Armed Force grouping used for the measurement of readiness. This may be an armoured brigade in the Army, an individual ship in the Royal Navy or an individual aircraft or squadron of aircraft in the Royal Air Force.

Full-Time Equivalent. A measure of the size of the workforce that takes account of the fact that some people work part-time.

Full-Time Reserve Service. Individuals on FTRS fill Service posts on a full-time basis while being a member of one of the reserve services, either as an ex-regular or as a volunteer. In the case of the Army and the Naval Service, these will be posts that would ordinarily have been filled by regular service personnel, in the case of the RAF, FTRS personnel also fill posts designated solely for them.

GDP: Gross Domestic Product. The sum of all output (or income or expenditure) in the economy, excluding net property income from abroad.

GOCNI: General Officer Commanding Northern Ireland.

a) The senior military officer in command of the Armed Forces in Northern Ireland, of the rank of Lieutenant General. He is responsible for military aid to the civil power and counter terrorist operations in Northern Ireland;

b) The joint-Service Top Level Budget organisation managed by GOCNI. With effect from April 2007, The General Officer Commanding Northern Ireland has been incorporated into Command-in-Chief Land Command TLB.

Global Conflict Prevention Pool . Global Pool Conflict Prevention Pool (GCPP) consists of geographical and thematic strategies focused on conflict prevention, conflict resolution and / or post-conflict reestablishment throughout the world.

Gurkhas. Citizens of Nepal recruited and employed in the Army under the terms of the 1947 Tri-Partite Agreement. They remain Nepalese citizens but in all other respects are full members of HM Forces.

GWMB: Guided Weapons, Missiles and Bombs. Explodable munitions which incorporate guidance mechanisms.

HCDC: House of Commons Defence Select Committee. The Defence Committee is appointed to examine on behalf of the House of Commons the expenditure, administration and policy of the Ministry of Defence and any associated public bodies.

Headline Goal 2010. The aim, adopted by the European Union at the Helsinki European Council in December 1999, to be able to deploying 50-60,000 troops, capable of conducting the full range of crisis management tasks, within 60 days, sustainable for up to a year, with air and naval support as necessary, before the end of 2003.

Heavy Equipment Transporter. A 120 tonne tractor and trailer unit tank transporter, capable of carrying battle tanks and fighting vehicles straight to the front line at speeds of up to 50 mph on road or off road over harsh terrain.

HMG: Her Majesty's Government.

HNBS: Harrier Night Bombing System.

HOME: Head Office Modern Environment. The HOME programme was a comprehensive Modernisation package using the redevelopment of MoD's Main Building as a catalyst for organisational and cultural change to make the MoD Head Office a better, more streamlined, organisation in which to work and enable it to provide more effective support and leadership for UK Defence capability.

HQ: Headquarters.

HR: Human Resources. Civilian personnel management, organisation and arrangements.

HSE: Health and Safety Executive. The Health and Safety Executive is responsible for regulation of risks to health and safety arising from work activity in Britain.

Hydrographic Office. See **UK Hydrographic Office.**

IAB: Investment Approvals Board. The Investment Approvals Board (IAB) is responsible for central scrutiny of equipment requirements, major capital works and Information Technology projects. It makes recommendations to Ministers on the procurement of major defence equipment. The IAB is chaired by the Chief Scientific Adviser and includes the Vice Chief of the Defence Staff, the 2nd Permanent Under Secretary, the Chief of Defence Materiel, and the Defence Commercial Director.

ICT: Information and Communications Technology.

ICT FS: Information and Communications Technology Fundamental Skills.

Industrial staff. Civilian staff in certain pay bands often performing manual work.

Insensitive munitions. Munitions incorporating design features to reduce the risk of inadvertent reaction to specified stimuli, such as heat, shock and impact.

In-Service Date. The date on which equipment being procured is expected to be available and supportable in service in sufficient quantity to provide a valuable operational capability.

ISAF: International Security Assistance Force. The NATO controlled peacekeeping force providing security in Kabul since the fall of the Taliban in 2001. More than 30 countries contribute troops.

IS: Information Systems.

ISO 9001: is the internationally recognised standard for an organisation's internal Quality Management. The term 'quality' refers to all those features of a product or service which are required by the customer.

Intake. Those entering the Armed Forces or Civilian workforce.

IT: Information Technology.

JPA: Joint Personnel Administration. A modern commercial information system enabling provision of pay, pensions and administration services for military personnel, JPA was introduced to the RAF from April 2006, the RN in December 2006 and the Army in April 2007.

JRRF: Joint Rapid Reaction Forces. A substantial pool of capabilities, composed of all readily available forces, from which tailored force packages of up to Brigade level or equivalent for operations on land, sea and air can be assembled and deployed quickly.

KFOR: NATO Kosovo Force. The International NATO led peacekeeping force whose main role is maintaining a secure civilian environment.

LAN: Local Area Network. Two or more connected computers in a room or building.

Land Command. See CINCLAND.

Locally Entered/Engaged Personnel. Civilian personnel working for one of the Armed Forces or directly for the Ministry of Defence who are recruited at overseas MoD locations normally for work at those locations. Also includes Gurkhas.

LS: Large Scale. Operational deployments of division size or equivalent for warfighting or other operations.

Main Gate. The main investment point for a procurement project, comprising In-depth review timed to coincide with the most critical point of the project – the point at which the "Assessment" phase ends and user requirements, system requirements, time and cost can be set with confidence.

MAMBA weapon locating radar. Mobile Artillery Monitoring Battlefield Radar, a radar system that can instantly track incoming mortars, shells and rockets and will help troops pinpoint the enemy's position for rapid counter attacks.

MANPADS: Man Portable Air Defence Systems. Systems designed for military air defence use, and are surface to air missiles, usually shoulder launched and fired by an individual or more than one individual acting as crew.

MDP: Ministry of Defence Police. The non-regional, national police force headed by a Chief Constable, responsible for providing effective policing of the Defence Estate.

Memorandum of Understanding. A formal signed agreement between partners setting out how they will work together in a process to achieve agreed goals.

MIDIT: Means of Identifying and Developing Internal Talent. The MoD's internal corporate development scheme for civilian personnel.

Military Aid to the Civil Authorities: MACA. The provision of military assistance: in time of emergency such as natural disasters and major emergencies; to provide more routine assistance for special projects or events of significant social value to the civil community in the creation and development of local community projects; of individual assistance by full-time attachment to social service or similar organisations; or for the maintenance of law, order and public safety using specialist capabilities or equipment, in situations beyond the capability of the Civil Power.

Military Tasks. The framework on which the MoD bases its detailed planning for the size, shape and capabilities of the Armed Forces, reflecting the broad types of tasks and operations in which they are likely to be involved.

MoD: Ministry of Defence.

MS: Medium Scale. Operational deployments of brigade size or equivalent for warfighting or other operations.

MND(SE): Multi National Division (South East). The UK led element of the Multinational Forces in Iraq responsible for the four southern provinces of Al Basrah, Al Muthanna, Dhi Qar, and Maysan.

NAAFI: Navy, Army and Air Force Institutes. Official trading organisation of HM Forces, providing retail and leisure services to the Services and their families.

NAO: National Audit Office. The independent organisation responsible for scrutinising public spending on behalf of Parliament, reporting to the Public Accounts Committee. It audits the accounts of all government departments and agencies as well as a wide range of other public bodies, and reports on the economy, efficiency and effectiveness with which government bodies have used public money.

NATO: North Atlantic Treaty Organisation. A regional defence alliance formed in 1949 under the Washington Treaty. Its general aim is to "safeguard the freedom, common heritage and civilisation" of its members by promoting "stability and well-being in the North Atlantic area". Members agree that an armed attack against one shall be considered an attack against them all, and that they will come to the aid of each other. Currently there are 26 member countries with the headquarters in Brussels.

Naval Manning Agency. Created on 1 July 1996 and dissolved as an agency 1 April 2004. Its mission was: to ensure that sufficient manpower is available on the trained strength and deployed effectively in peace, transition to war or war.

Naval Service. The Royal Navy (including QARNNS) and the Royal Marines together.

Navy Board. The Navy Board conducts the day-to-day business of managing the Royal Navy on behalf of the Admiralty Board. It brings together, under the Chief of the Naval Staff, the Royal Navy's operational and personnel commanders, and supports the CNS in his executive role, his management and operational advisory roles, and as the professional head of the Royal Navy.

NCO: Non-commissioned officer. Ratings of Leading Hand and above in the Royal Navy, other ranks of lance corporal and above in the Army and other ranks of corporal and above in the Royal Marines and Royal Air Force.

NDA: Nuclear Decommissioning Authority. The body sponsored by the DTI responsible for nuclear clean-up issues.

NDPB: Non-Departmental Public Bodies. Public bodies carry out a wide range of functions on behalf of government. As part of the commitment to transparency and accountability, the Cabinet Office collects and publishes annually information about public bodies as a whole, to supplement information about individual bodies already contained in departmental annual reports.

Near Cash. Direct Resource Defence Expenditure, including accruals.

NEC: Network Enabled Capability. A programme to enhance military capability through the exploitation of information. Implemented through the coherent and progressive development of Defence equipment, software, processes, structures and individual and collective training, NEC will enable the MoD to operate more effectively in the future strategic environment by more efficient sharing and exploitation of information within the UK Armed Forces and with our coalition partners.

NED: Non Executive Director. Non Executive Directors serve on various boards and audit committees within the Ministry of Defence, providing independent scrutiny and advice on defence business from their experience in Industry.

Net Cash Requirement. The amount of actual money that MoD requires from the government in order to fund its activities. The NCR takes account of the movements in working capital levels (debtors, creditors and stocks) but not non-cash costs.

NHS: National Health Service. Set up on 5th July 1948, the NHS provides healthcare for all citizens, based on need, not the ability to pay, and is funded by the tax payer and managed by the Department of Health, which has the responsibility to provide healthcare to the general public through the NHS.

Non-cash items. Non cash items include various notional transactions such as depreciation, impairments and cost of capital that appear in the operating cost statement under RAB.

Non-industrial staff. All Civil servants who are not Industrial staff.

NPT: Treaty on the Non-Proliferation of Nuclear Weapons. An international treaty to limit the spread of nuclear weapons and the foundation of the international nuclear disarmament and non-proliferation system.

NRA: Net Recoverable Amount.

NRF: NATO Response Force. Giving NATO a significant crisis response capability, the NRF is a powerful multi national military force with land, air, maritime and command elements, designed to stand alone for up to 30 days. It is not a permanent or standing force.

NRV: Net Realisable Value. The estimated disposal sale value of an item of materiel not expected to be used or sold in the ordinary course of business. The estimated disposal sale value may be nil or scrap in appropriate circumstances, and will be net of any costs incidental to the sale, e.g. agent's fees, to the extent that these are identifiable to individual items or sales contracts and are deducted from the sales proceeds on a net receipt basis.

Nursing Services. Queen Alexandra's Royal Naval Nursing Service, Queen Alexandra's Royal Army Nursing Corps, and Princess Mary's Royal Air Force Nursing Service.

OCCAR: Organisation Conjoint de Cooperation en matiers d'Armement. An Administrative Arrangement established on 12th November 1996 by the Defence Ministers of France, Germany, Italy and the UK. Its aim is to provide more effective and efficient arrangements for the management of certain existing and future collaborative armament programmes.

OECD: Organisation for Economic Co-operation and Development. The OECD comprises 30 countries sharing a commitment to democratic government and the market economy. Its work covers economic and social issues from macroeconomics, to trade, education, development and science and innovation.

Officer. A member of the Armed Forces holding the Queen's Commission. Includes ranks from Sub-Lt/2nd Lt/Pilot Officer up to Admiral of the Fleet/Field Marshal/Marshal of the Royal Air Force. Excludes NCO's.

Officer cadet. An entrant from civil life to the officer corps of the Armed Forces.

OGC: Office of Government Commerce. An independent Office of the Treasury which aims to work with the public sector as a catalyst to achieve efficiency, value for money in commercial activities and improved success in the delivery of programmes and projects.

Operating Cost Statement. The statement in departmental resource accounts that shows the current income and expenditure on an accrual basis. It is similar to the profit and loss statement on commercial accounts. This is the Public Sector's equivalent of a commercial organisation's Profit and Loss Account.

Operational TLBs. The TLBs directly responsible for the planning and management of military operations and the delivery of front-line capability. Operational personnel are those working in these TLBs plus some other small groups.

OPG: Office of HM Paymaster General. The Office of HM Paymaster General is part of HM Treasury. It is responsible for holding the working balances of Government Departments and other public bodies in accounts at the Bank of England and making them available to the National Loans Fund overnight to reduce the government's borrowing costs, and provides cash flow information to the Treasury.

OSCE: Organisation for Security and Co-operation in Europe. With 55 States drawn from Europe, Central Asia and America, the OSCE is the world's largest regional security organisation, bringing comprehensive and cooperative security to a region that stretches from Vancouver to Vladivostok. It offers a forum for political negotiations and decision-making in the fields of early warning, conflict prevention, crisis management and post-conflict rehabilitation, and puts the political will of the participating States into practice through its unique network of field missions.

Other Ranks. Members of the Royal Marines, Army and Royal Air Force who are not officers. The equivalent group in the Royal Navy is known as "Ratings".

Outflow Those leaving the Armed Forces or Civil Service for any reason. Those who rejoin and then leave again will be counted twice if the time period includes both exit dates.

Outturn and **estimated outturn** describe expenditure actually incurred, or estimated on the basis of actual expenditure to date.

Part-time. Civil servants working fewer than 37 hours a week (36 hours in London), excluding meal breaks.

PCPF: Parliamentary Contributory Pension Fund. The fund of the parliamentary pension scheme.

People Programme: A programme to enable MoD civilians to make the best contribution to the Defence capability. This will be achieved by: maximising our pool of talent and skills; matching people and their skills to the jobs that need to be done, now and in the future; and by raising our collective performance by improving management, training and development throughout the Department.

PPPA: People, Pay & Pensions Agency. The organisation providing civilian pay and personnel services, including the administration of pensions, the payment of salaries of MoD civilian staff and the payment of fees. Launched on 7 April 2006.

PCRU: Post Conflict Reconstruction Unit. An organisation set up to enhance the Government's ability to plan, develop and deliver effective and co-ordinated post conflict stabilisation activity. The organisation is interdepartmental.

PFI: Private Finance Initiative. A system for providing capital assets for the provision of public services. Typically, the private sector designs, builds and maintains infrastructure and other capital assets and then operates those assets to sell services to the public sector. In most cases, the capital assets are accounted for on the balance sheet of the private sector operator.

PPP: Public Private Partnership. An initiative through which the private sector is involved in the delivery of public services by providing management and service delivery expertise and sometimes the provision of assets. Improved value for money is the essential prerequisite, with better quality of service provision a highly desirable addition. It is delivered through several mechanisms including Private Finance Initiative, Partnering, Wider Markets Initiative and Contractor Logistic Support.

PSA: Public Service Agreement. An agreement between HM Treasury and each Government Department setting out each department's aim, objectives and key outcome-based targets. They form an integral part of the spending plans set out in Spending Reviews. Progress against the PSA targets is assessed and reported via the Defence Balanced Scorecard.

PSI: Proliferation Security Initiative. The Proliferation Security Initiative is a global effort that aims to stop shipments of weapons of mass destruction, their delivery systems, and related materials worldwide. It was announced by President Bush on May 31, 2003.

PSG: Professional Skills for Government. Professional Skills for Government is a key part of the Government's Delivery and Reform agenda. It is a major, long-term change programme designed to ensure that civil servants, wherever they work, have the right mix of skills and expertise to enable their Departments or agencies to deliver effective services.

PTC: RAF Personnel and Training Command. The Top Level Budget organisation managed by the RAF's Principal; Personnel Officer, the Air Member for Personnel. PTC provides trained personnel to Strike Command and other TLBs. PTC merged with STC from April 2007 to form Air Command.

PUS: Permanent Under Secretary. PUS is the Government's principal Civilian advisor on Defence and has the primary responsibility for Policy, Finance, Management and Administration in the department. He is the MoD Accounting Officer reflecting his responsibility to the Secretary of State for the overall organisation, management and staffing of the department and financial procedures and other matters. He is personally accountable to Parliament for the expenditure of all public money voted for defence purposes, chairs the Defence Management Board and is Secretary of the Defence Council.

PVR: Premature Voluntary Release. Those who leave the Armed Forces voluntarily before the end of their agreed engagement or commission period. Now known as voluntary outflow.

PRT: Provincial Reconstruction Team. A combination of international military and civilian personnel based in one of Afghanistan's provinces with the aim of extending the authority of the Afghan central government and helping to facilitate development and reconstruction by contributing to an improved security environment. PRTs also aim to support the reform of the Afghan security sector – disarmament and demobilisation of militias; building an accountable national army and national police force under government control; stamping out the drugs trade; and helping build a legal system.

QARNNS: Queen Alexandra's Royal Naval Nursing Service. The Royal Navy's internal nursing service.

QinetiQ Group plc. A defence technology and security company, formerly part of DERA, partially owned by the MoD. QinetiQ was floated in March 2006 to become QinetiQ Group plc, but still retains a shareholding.

Quick Impact Projects. Programmes aimed at kick-starting local economies and creating employment opportunities in immediate post-conflict environments. Projects are identified and implemented by local groups with international assistance. Examples include the reconstruction and refurbishment of schools in Iraq.

RAB. Resource Accounting and Budgeting.

RAF: The Royal Air Force.

Rank. Grade within the Military structure.

Ratings. Junior military personnel in the Royal Navy.

Real terms figures are amounts adjusted for the effect of general price inflation relative to a base year, as measured by the GDP market price deflator.

Regiment. A formed unit of personnel sharing a common identity and area of expertise, carrying the spirit of the people who have gone before.

Regular Reserves. Former members of the UK regular forces who have a liability for service with the Reserve forces. Includes the Royal Fleet Reserve, Army Reserve and Royal Air Force Reserve as well as other individuals liable to recall.

RES: Race Equality Scheme. The MoD Race Equality Scheme sets out how the Department is fulfilling its obligations under the Race Relations (Amendment) Act 2000.

Resource Accounting. The accounting methodology used to record expenditure in the departmental accounts which replaced cash accounting. It applies UK generally accepted accounting practice (UK GAAP) used in private industry and other Government Departments to departmental transactions. Spending is measured on an accruals basis.

Resource Budget. The sum of a department's resource Departmental Expenditure Limit and resource Annually Managed Expenditure. It is the budget for current expenditure on an accruals basis.

Resource budgeting. The budgeting regime adopted for the spending plans set in the 2000 Spending Review. It is derived from resource accounting rules, but there are several differences in treatment between resource accounts and resource budgets.

RFA: Royal Fleet Auxiliary Service. The civilian manned fleet, owned by the Ministry of Defence. Its main task is to supply warships of the Royal Navy at sea with fuel, food, stores and ammunition which they need to remain operational while away from base. It also provides aviation support for the Royal Navy, together with amphibious support and secure sea transport for Army units and their equipment. Its employees are full-time civil servants, but who come under the Naval Discipline Act when deployed to sea under naval command.

RfR: Request for Resources. An accruals-based measure of current expenditure which forms part of a Resource Estimate. It represents the basic unit of Parliamentary control.

RM: Royal Marines. Sea-going soldiers who are part of the Naval Service.

RMR: Royal Marines Reserve. The volunteer reserve service of the Royal Marines. See **Volunteer Reserves**.

RN: Royal Navy. The sea-going defence forces of the UK, including ships, submarines, Naval aircraft and their personnel, and Queen Alexandra's Royal Naval Nursing Service, but excluding the Royal Marines and the Royal Fleet Auxiliary Service (RFA).

RNAS: Royal Naval Air Station. An air base operated by the Fleet Air Arm.

RNR: Royal Naval Reserve. The volunteer reserve service of the Royal Navy. See **Volunteer Reserves**.

RO-RO Shipping. Ships designed to allow cargo, such as vehicles, to be loaded by being rolled instead of lifted, often with a drive-through concept with bow and stern doors. It is commonly used in the ferry trades to transport cars and goods vehicles, but also used to transport military vehicles.

RPC: Regional Prime Contracts. Five regionally-based contracts for the provision of construction and maintenance services on the Defence Estate across Great Britain, where stand-alone arrangements are not appropriate. The objective of Regional Prime Contracting is to achieve better long-term value for money through improved Supply Chain Management, incentivised payment mechanisms, continuous improvement, economies of scale, and partnering.

RRUs: Regional Rehabilitation Units. Facilities located around the UK and in Germany containing doctors, physiotherapists and Remedial Instructors providing assessment and rehabilitation for physical injuries sustained by Service personnel.

SALW: Small Arms and Light Weapons. Personal weapons, such as pistols, rifles and light machine guns.

SC: Supply Chain.

SS: Small Scale. Operational deployment of battalion size or equivalent.

SSR: Security Sector Reform. This aims to help developing and transitional countries manage their security functions in a democratically accountable, efficient and effective way by initiating and supporting reform and providing appropriate education and training.

SSRB: Senior Salaries Review Body. The independent body advising the Government on Senior Civil Service pay.

SSSI: Sites of Special Scientific Interest. Protected sites of particular environmental and scientific importance, including wetlands, rivers, heathlands, meadows, beaches, moorland and peat bog. The Defence Estate contains 289 SSSIs.

STC: Strike Command. The RAF's operational Top Level Budget organisation, providing aircraft and trained aircrews to CJO. STC merged with PTC from April 2007 to form Air Command.

SCAPE: Superannuation Contributions Adjusted for Past Experience.

TLB: Top Level Budget. The major organisational grouping of the MoD. There are three types: "Operational", "Military Support" and "HQ and other support".

TLCM: Through Life Capability Management. An approach to the acquisition and in-service management of military capability in which every aspect of new and existing military capability is planned and managed coherently across all Defence Lines of Development from cradle to grave.

TNA: The National Archives is responsible for looking after the records of central government and the courts of law, and making sure everyone can look at them.

Trading Fund. Trading Funds were introduced by the Government under the Trading Funds Act 1973 as a 'means of financing trading operations of a government department which, hitherto, have been carried out on Vote'. They are self-accounting units that have greater freedom, than other government departments, in managing their own financial and management activities. They are also free to negotiate their own terms and conditions with their staff and for this reason their grading structures do not always match that of the rest of the Ministry, and this is reflected in some of the tables. MoD Trading Funds are ABRO, DARA, DSTL, the Met Office, and the UK Hydrographic Office.

UAV: Unmanned Aerial Vehicle. An unmanned aerial vehicle (UAV) is an aircraft with no onboard pilot. UAV can be remote controlled or fly autonomously based on pre-programmed flight plans or more complex dynamic automation systems. UAV are currently used in a number of military operations, including reconnaissance and attack.

UKAEA: United Kingdom Atomic Energy Authority. A non-departmental public body, responsible to the Department of Trade and Industry. Its primary task today is managing the decommissioning of its nuclear reactors and other radioactive facilities used for the UK's nuclear research and development programme in a safe and environmentally responsible manner and to restore its sites for conventional use.

UKHO: UK Hydrographic Office. A trading fund agency of the MoD responsible for surveying the seas around the UK and elsewhere to aid navigation.

UOR: Urgent Operational Requirement. Additional capability requirements for specific operations met using a streamlined version of the Department's normal procurement procedures. This provides speedy and flexible procurement of capabilities.

UNFICYP. The United Nations Force in Cyprus, which polices the line separating the Greek and Turkish Cypriot communities.

VAT: Value Added Tax.

VAW: Veterans Awareness Week. A week to raise the profile of veterans. The first took place in July 2005.

VCDS: Vice Chief of the Defence Staff. The deputy to the Chief of the Defence Staff. Joint head of the Central Top Level Budget organisation with the 2nd PUS, and a member of the Defence Council, Defence Management Board, Chiefs of Staff Committee and Investment Approvals Board.

Veterans Agency. Formerly the War Pensions Agency. Responsible for veterans' affairs, including war and service pensions, service records, military graves, medals and welfare issues. The Veterans Agency merged with the Armed Forces Personnel Administration Agency from April 2007 to become the Service Personnel and Veterans Agency.

VFM: Value for Money. Value for Money (VfM) is HM Treasury's terminology to assess whether or not an organisation has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, when taken together, they constitute good value.

Voluntary Outflow. Those who leave the Armed Forces voluntarily before the end of their agreed engagement or commission period. Previously known as voluntary release or premature voluntary release (PVR).

Voluntary Release. See **Premature Voluntary Release.**

Volunteer Reserves and Auxiliary Forces. Civilian volunteers who undertake to give a certain amount of their time to train in support of the Regular Forces. Includes the Royal Naval Reserve, the Royal Marines Reserve, Territorial Army and the Royal Auxiliary Air Force. Does not include Royal Fleet Auxiliary Service (RFA). Some Volunteer Reservists undertake (paid) Full-Time Reserve Service.

VOP: Variation of Price. A contractual provision providing for variation in contract prices if inflation over the period of the contract falls outside defined bands.

Vote. An individual Supply Estimate by Parliament. Replaced by Requests for Resources since the introduction of Resource Budgeting in 2001, except for Votes A setting maximum numbers of personnel to be maintained by the Armed Forces.

WAN: Wide Area Network. A computer network covering a large geographic area, such as the internet or a network of bank cash dispensers.

War Pensions Agency. See **Veterans Agency.**

WEAG: Western European Armaments Group. A group of European countries established in 1993 with the objective of more efficient use of resources through, inter alia, increased harmonization of requirements; the opening up of national defence markets to cross-border competition; to strengthen the European defence technological and industrial base; and cooperation in research and development. The group closed in May 2005 with many of its activities now undertaken by the European Defence Agency.

WPB: War Pensions benefits. A non-contributory financial benefit paid to people who have been disabled as a result of conflict, or to dependants of those killed in conflict.

Index

A

ABRO	6, 312 , 315, 319
Merger with Defence Aviation Repair Agency	140
Access to the Defence Estate	33
Accounts	192
Acquisition (See also Procurement)	
Defence Acquisition Change Programme	8, 88, 91, 99, 101, 106, 109, 111, 124, 139, 146, 158
Defence Industrial Strategy	7-8, 11, 91, 99, 101 , 106, 109, 111, 114, 124, 139, 145, 180
Reform	10, 91, 93, 99
Skills	11, 103, 106 , 145
Activity Levels	37
Army	38
Royal Air Force	38
Royal Navy	37
Advertising	163, 321
Air Force (See Royal Air Force)	
Aircraft Carrier – New (See Carrier Vehicle Future)	
Afghanistan	31
Coalition	32
Comprehensive Approach	40
Cost	32, 238
International Security Assistance Force	32 , 40
Fatalities	32
Numbers	33
Operations	32
Reconstruction	32, 33
Training the Afghan National Army and Afghan National Police	34
Africa Conflict Prevention Pool	56
Agencies	
Performance	308
Armed Forces Act 2006	11, 103, 105, 107, 135, 321
Armed Forces Compensation Scheme	71
Armed Forces Pay and Administration Agency	89, 309
Merger with the Veterans Agency	70, 71, 72, 309
Arms Control and Counter Proliferation	
Biological	54
Chemical	54
Conventional	53
Nuclear	54
Arms Trade Treaty	58

Army

Activity	38
Concurrency	38
Future Structures and Capabilities	78
Germany Basing	84, 85
Harmony	9, 11, 14, 21, 26, 118, 119 , 162
Manning Balance	19, 118, 160, 161, 169
Maximum Size (Votes A)	279
Readiness	14, 16, 26, 27, 38, 42, 43, 44, 45, 46 , 50
Reserves	78, 163, 169
Training	20, 112, 118, 121, 122, 128
Assets	
Contingent	268
Disposals	199, 224, 232, 239, 247
Donated	225, 226, 232 , 235, 244, 248
Impairment	232 , 244, 246, 247, 248, 257
Intangible	226, 244, 246 , 263
Leased	232
Fixed	195 , 199, 225, 226, 229, 230 , 231 , 232, 233, 234, 240, 241, 244, 246, 247, 256, 257, 260
Non Operational Heritage	277
Quinquennial Revaluation	229, 230, 248
Trading Funds	193, 198, 212, 229, 233, 235, 240, 242, 245, 246, 248, 249, 250, 252, 253, 257, 268, 275, 276, 312
Astute	77, 96, 156
Audit	291, 341

B

Balance Sheet	156, 195, 226 , 229
Balanced Scorecard	3, 86, 305
Balkans	34 , 51, 56, 70, 136, 151, 152, 168, 185
Drawdown	8, 10, 15, 26, 28, 34 , 137
Personnel	26, 28, 34 , 35, 38, 39, 47
Better Understanding People	105
Bill Payment	316, 334
Biological Weapons	55
Arms Control and Counter Proliferation	55, 73
Defence against	51, 54 , 110
Blake Review	127
British Forces Post Office	194, 278, 308, 309 , 319
Building Skills	66
Business Cases	111
Business Management System	84, 85, 138, 143, 146

C

- Cadets.....**67**, 72, 179
- Capabilities
- Army – Future76, 77, 78
 - Army – Reserves.....78
 - Combat Identification.....98
 - Command and Battlespace Management **79**, 84
 - Defence Information Infrastructure..... (See Defence Information Infrastructure)
 - Defence Intelligence Modernisation Programme
(See Defence Intelligence Modernisation Programme)
 - Force Capability Changes77
 - Integration79, 80, 98
 - Network Enabled Capacity.....76, **79**, 80, 81, 121
 - Royal Air Force76, 77, 78
 - Royal Navy.....76, 77, 78
- Capability Review8, 9, 12, 91, 106, 107, 123, 143, **145**, 146, **147**, 178, 189
- Capital Infrastructure 93, **97**
- Career Satisfaction
- Civilian118, 126
 - Service Personnel118, 125
- Carrier Vehicle Future (CVF)77, 96
- Cash
- At Bank and In Hand.....226, 227, **252**
 - Near Cash..... 12, 150
 - Non Cash.....83, 89, 151, 153, 156, 199, 215, 224, 239, 256, 257, 334, 342
- Cash Flow Statement **227**, 257
- Change (See Efficiency and Change)
- Charges
- Provision234
- Chemical Weapons
- Arms Control and Counter Proliferation..... 51, 54, **74**
 - Defence against55
- Chiefs of Staff Committee 145, 212, 330, 332, 333, 334, 347
- Civil Service
- Acquisition Skills..... 11, 103, **106**, 145
 - Career Satisfaction118, 126
 - Development Initiatives..... 123
 - Development Schemes 123
 - Diversity 12, 160, **172**
 - Efficiency.....8, 11, 23, 83, 84, 85, 86, 87, **89**, **169**
 - Managers 105
 - Numbers169, 170
 - Pensions 106
- People Programme 11, 83, 85, **87**, 103, **105**, 107, 124, 126, 127, 132
 - Progression 171
 - Recruitment and Retention 169
 - Sickness.....130, **132**, 134
 - Skills.....84, 92, 100, 101, 103, **105**, **106**, 107, 115, 123, 124, 127
- Strategic Planning..... 105
- Support to Operations 11, 103, **106**
- Turnover..... 160, **170**
- Climate Change
- Carbon Dioxide..... 62, **65**, 73
 - Energy Efficiency.....62, 64, **66**, 74
 - Energy Sources **66**, 73
 - Sustainability.....9, 10, 62, 63, 64, 72, 174, 180, 182
- Collaborative Procurement.....323, 325
- Organisation Conjoint de Coopération en matiers d'Armement (OCCAR).....290, **325**, 342
 - Typhoon..... 325
 - United States of America 326
- Collective Training..... 38, 43, 44, **47**, 48, 50
- Combat Identification..... **98**
- Command and Battlespace Management **79**, 80, 84
- Communications 106
- External 184, 185, 186
 - Hall Report 189
 - Internal 106, 184, 185, **187**
 - Reputation 12
 - Strategy 185
- Communities.....
- Defence in the Wider Community63
 - Education and Skills.....68
 - Support to Veterans..... 63, 68, **70**
- Comprehensive Approach **40**, 79
- Concurrency37, 42, 47
- Army38, 39
 - Royal Air Force38, 39
 - Royal Navy.....37, 39
- Conflict Prevention 10, 15, 39, 51, 53, 54, **56**
- Africa Conflict Prevention Pool.....56, 57, 59
 - Global Conflict Prevention Pool30, 34, 57
 - North Atlantic Treaty Organisation (NATO)52
 - United Nations.....58
- Conservation..... 12, 174, **181**, 183
- Consolidated Fund..... 151, 152, 155, 156
- Contingent Assets 268
- Contingent Liabilities..... 195, 198, 266, 268, 269
- Corporate Governance.....

Business Management System.....	146
Change and Efficiency Programme	86
Code of Practice	144, 145, 146
Defence Audit Committee	145, 146, 157
Defence Management Board	3, 8, 64, 86, 98, 100, 108, 144 , 145, 148, 179, 185
Framework Document.....	144, 146, 182
Performance Management System	3, 148
Risk Management.....	138, 144
Statement on Internal Control.....	212
Corporate Services.....	83
Efficiency.....	23, 86, 87
Cost of Capital Charge.....	225, 235 , 240, 260, 334
Cost of Operations .	12, 30, 32, 34, 39, 150, 151 , 152, 158
Counter Terrorism	51, 52, 54 , 109
Chemical, Biological, Radiological and Nuclear threats	54
Defence Counter Terrorism Centre.....	110
Science and Information Technology, Role of.....	110, 113
Creditors	226, 232, 240, 252, 253 , 257
Crisis Response.....	35
Current Operations	8, 10, 16, 26-39
D	
Debtors	226, 251 , 252, 257, 258, 342
Defence Academy	79, 106, 124 , 127, 168
Defence Acquisition Change Programme.....	8, 88, 91, 99, 101, 106, 109, 111, 124, 139, 146, 215, 293, 294, 295, 296, 300, 334
Defence Analytical Services Agency ..	133, 230, 278, 308, 309 , 319, 335
Defence Audit Committee	3, 145, 146, 157, 213, 214, 215, 334, 336
Defence Aviation Repair Agency ...	140(B), 193, 198, 212, 248, 249, 250, 251, 275, 312, 313(B), 317, 319, 335
Defence Balanced Scorecard.. (See Balanced Scorecard)	
Defence Bills Agency.....	194, 195, 196, 278, 308, 309 , 316, 317, 319, 335
Defence Change Programme.....	80, 84 , 85, 86, 91, 108, 187, 336
Defence Communications Services Agency.....	194, 309 , 335
Defence Communications Strategy.....	185
Defence Committee (See House of Commons Defence Committee)	
Defence Council.....	6, 212, 298
Defence Estate (See Estate)	
Defence in the Wider Community.....	63
Defence Industrial Strategy	7, 8, 11, 91, 99 , 101 , 106, 109, 111, 114, 124, 139, 145, 180
Defence Information Infrastructure..	8, 76, 79, 80 , 83, 85, 88, 89, 97, 104, 122
Defence Intelligence	
Modernisation Programme.....	76, 80 , 85, 177
Defence Logistics Transformation Programme	23, 88, 89, 138
Defence Management Board (see entry under Corporate Governance)	
Defence Medical Education and Training Agency	178, 308, 310
Defence of UK Airspace and Waters	35
Defence Procurement Agency	91, 99, 100, 101, 138, 139, 140, 145, 153, 154, 193, 194, 195, 212, 215, 224, 236, 262, 278, 300 , 307, 308, 319, 332, 335, 337
Targets	94, 95 , 96
Defence Science and Technology Laboratory	54, 113, 212, 312, 313
Defence Storage and Distribution Agency	278, 337, 308, 310 , 337
Defence Technology Strategy.....	8, 91, 99, 101, 109, 111, 112, 113, 114
Defence Transport and Movements Agency.....	193, 194, 278, 308, 310(B), 319
Defence Vetting Agency	278, 308, 310 , 319
Deployability.....	20, 48 , 138
Deployments	
Afghanistan	32-34
Balkans	34-35
Iraq.....	29-31
Lebanon.....	35
Deterrence	55
Future Nuclear Deterrent.....	60
Nuclear	55
Disposal Services Agency.....	140(B), 193, 194, 232, 268, 278, 308, 311 , 319
Disposals.....	177, 224, 232, 247, 311
Diversity	
Civil Service.....	12, 160
Improving Service Diversity.....	12, 168
Service Personnel	104, 126, 160, 165 , 166, 168
Sexual Harassment.....	168
Dividends	
From Investments.....	245, 251(B)
Drug Trafficking.....	37

Duty of Care.....	133	Eurofighter (See Typhoon)	
Service Personnel	70	European Union.....	52
Duty of Care and Welfare in Training (Blake Review).....	120, 135	Expenditure	
E		Capital.....	150, 153, 156, 157, 219, 227, 238, 257, 258, 334
Efficiency and Change		Net.....	195
Cashable Gains	87	Export Control	55 , 59, 100, 284
Corporate Services (see Corporate Services)		F	
Defence Acquisition Change Programme (see Defence Acquisition Change Programme)		Falkland Islands.....	26, 36, 38, 47, 175
Defence Change Programme (see Defence Change Programme)		Land Mines.....	58
Efficiency Programme...62, 84, 85 , 87, 88, 89, 90, 108, 144, 157		Fast Stream	123
Force Structure Changes.....	23, 76, 86, 87	Fees.....	207, 245
Governance	86	Finance	
Performance against Spending Review Target.....	83	Assets	93, 95, 153, 156, 157, 159, 175, 199, 226, 230, 231, 232, 234, 235, 244
Personnel		Cost of Operations	12, 30, 32, 34, 39, 150, 151 , 152
Relocations.....	83, 85, 86, 89	Defence Budget	150-153, 156, 335
Reductions	83, 85, 86	Financial Position	
Procurement and Logistics	86, 88	Losses and Write-offs	157
Productive Time	23, 83, 86, 88	Outturn Against Departmental Expenditure Limits	154
Energy		Process Improvement	158
Efficiency.....	62, 64, 66 , 74	Variances.....	153, 199, 224, 237, 260
Sources.....	66	Wider Markets.....	157-159, 197
Environmental Issues (See Sustainability (Environment))		Fisheries Protection	26, 36
Equipment	156	FLEET Transformation	84 , 85
Delivery	13, 22, 23, 28, 96 , 98, 110, 138, 139, 141	Force Capability Changes.....	77 , 85
Disposals.....	140	Force Generation	42, 136
Procurement.....	10, 22, 23, 30, 78, 83, 85, 86, 88, 91, 93, 94 , 95, 109, 110	Force Structure Changes	23, 76, 86, 87
Estate	174	Foreword	7
Biodiversity	180	Freedom of Information.....	144, 185, 215, 317 , 318, 319, 338
Conservation and Access.....	181	Future Aircraft Carrier	77, 96
Housing Management.....	178	Future Capabilities	
Improvement	175	Carrier Strike	98
Land Condition.....	181	Combat Identification	98
Maintenance.....	179	Medium Weight Capability	98
Overseas.....	179	Rotorcraft.....	98
Rationalisation, Relocation and Disposal.....	177	UK Military Flight Training System	98
Relationship with Industry	180	G	
Service Accommodation.....	176	Germany Basing.....	84-85
Service Families Accommodation	176	Global Conflict Prevention Pool.....	30, 34, 57
Single Living Accommodation	176	Gurkha Pensions	71
Sustainability.....	180		
Training Estate	179		

H

Hall Report	189
Harmony	
Army	
Individual Separated Service.....	120
Unit Harmony.....	119
Royal Air Force	
Individual Separated Service.....	120
Unit Harmony.....	12
Royal Navy	
Individual Separated Service.....	120
Unit Harmony.....	119
Head Office	
Capability Review	12, 143, 179
Organisation.....	89, 148
Health	
Civilian Sickness	130, 132
Service Personnel	131
Smoking.....	130, 134
Veterans	
Depleted Uranium Exposure	70, 71
Mental Health Issues	70
Service Volunteer Programme	71
Health and Safety	
Avoiding Fatalities.....	133
Corporate Manslaughter.....	130, 133 , 134
Minimising Serious Injuries.....	133
Road Traffic Accidents.....	133
Helicopters	
Joint Helicopter Rationalisation Programme	84
House of Commons Defence Committee... 284, 306, 314	
Housing (See Estate)	
Humanitarian Operations.....	34, 81

I

Income	
Consolidated Fund.....	151, 152, 155, 156, 198, 199, 223, 235, 241
Non-Operating	241
Operating Cost Statement	225
Individual Separated Service (see Harmony)	
Industry	
Construction.....	175
Defence Estate.....	180
Defence Industrial Strategy	7, 99
Defence Industry	55, 74, 82

Information Superiority

Command and Battlespace Management ..	79, 80 , 84
Defence Information Infrastructure (see Defence Information Infrastructure)	
Defence Intelligence Modernisation Programme (see Defence Intelligence Modernisation Programme)	
Network Enabled Capability	76, 79 , 80, 81, 121
Interest	
Net Payable	246
Internal Control	
Statement on	212
International Humanitarian Law.....	58
International Security Assistance Force	32, 40, 52
Introduction	3
Iraq	
Coalition.....	30-31
Cost.....	29
Fatalities	9
Handover	31
Iraqi Security Forces.....	7, 8
Operations	7, 8
Personnel.....	10, 15
Reconstruction	30-31
Training – Iraqi Security Force.....	31
Integrating Future Capabilities.....	3, 5 , 10 , 13, 18
Investments.....	6
Dividends.....	195 , 230, 245, 251
Qinetiq.....	194, 229, 233, 234, 240, 249

J

Joint Combat Aircraft.....	77, 96, 98
Joint Helicopter Rationalisation Programme	84
Joint Personnel Administration	5, 8, 11, 20
Joint Rapid Reaction Force	47, 50
Joint Strike Fighter (See Joint Combat Aircraft)	
Joint Ventures	

K**L**

Land Condition.....	181
Land Mines	58
Leases	96, 232
Commitments	263
Lebanon Evacuation.....	35
Liabilities	
Contingent.....	195, 198, 266, 268, 269

- Nuclear 255
- Pension 194, 210
- Logistics
- ABRO
- Change 83, 84, 895, 86, 88, 89, 91
- Contingent Operations 8, 9, 10, 14, 16, **17**
- Current Operations 5, 8, **10**, 16
- Defence Aviation Repair Agency ... 193, 198, 212, 248, 249, 250, 312, **313**, 317, 319, 335
- Defence Logistics Transformation Programme 23, 88, 89, 138
- Red Dragon 140
- Restructuring 140
- Supplying Operations 5
- Sustainability 6, 9, 10
- Losses
- Advance Notifications 157, 270
- Closed Cases 157, 270
- M**
- Manning Balance 12, **19**
- Manpower 5, **12**, 23
- Diversity 12, 160, 168
- Military 160, 161
- Pinch Points 162
- Recruitment and Trained Inflow 163
- Retention and Voluntary Outflow 164
- Trained Strength
- Gains to Trained Strength 164
- Media (See Communications and Reputation)
- Media Access to Personnel – The Hall Report 189
- Medical (See Health)
- Medium Weight Capability 98
- Memorandum of Understanding 67, 96, 99
- Met Office 6, 198, 212, 248, 249, 250, 251, 275, 284, 286, 312, **314**, 315
- Means of Identifying and Developing
- Internal Talent (MIDIT) 123
- Military Personnel Package 7
- Military Tasks
- Afghanistan 32-34
- Balkans 34-35
- Defence of UK Airspace and Waters 35
- Fisheries Protection 36
- Iraq 29-31
- Northern Ireland 36
- Nuclear Deterrence 55
- Search and Rescue 36
- Security of UK Overseas Territories 36
- Ministerial Correspondence 319
- Ministers
- Pay 204
- Pensions 205
- Responsibilities 6, 202
- Ministry of Defence Police and Guarding Agency 311
- Missile Defence 56
- N**
- National Archives 318, 346
- National Audit Office 3, 159, 341
- Confirmation of Accounts 153, 215
- NAO Reports 43, 63, 64, 163
- Report of Comptroller and Auditor General 219
- Navy (See Royal Navy)
- Near Cash 12, 150
- Network Enabled Capability
- Non Cash 89, 151, 153, 156, 199, 220, 239, 240, 256, 257, 334, 342
- Non Departmental Public Bodies ... 3, 156, 193, 198, 212, 229, **275**, 278, **327**
- Non Executive Directors
- Fees 207, 209, 214, 342
- North Atlantic Treaty Organisation 52
- Efficiency and Effectiveness 51, 52
- International Security Assistance Force 32, 40, 52
- Performance against Public Service Agreement Targets 52
- Northern Ireland 8, 10, 26, 28, 36, 38, 47, 50, 69, 133, 134, 154, 157, 176, 177, 180
- Nuclear Decommissioning 54
- Nuclear Deterrent 26, 35, 51, **55**
- Future 60
- Nuclear Weapons 54, 55
- O**
- Operating Costs
- By Departmental Aim and Objectives **228**, 259
- Operational Allowance **28**, 103, 105, 239
- Operational Welfare Package 103, 104, **119**
- Operations
- Afghanistan 32
- Balkans 34
- Cost 12, 30, 32, 34, 39, **151**, 152, 158
- Impact on Readiness 119-120
- Iraq 29
- Medical Support 8, 11, 30, 163, 169

Operational Allowance.....	8, 11, 28, 103, 105	Operational Allowance.....	8, 11, 28 , 103, 105
Performance against Public Service Agreement Targets.....	13	Pensions.....	36, 62, 71 , 125, 150, 151, 153
Environmental Sustainability	6, 9, 10, 62, 63 , 64, 72, 73	Performance Related Pay (Civilian)	127
Urgent Operational Requirement....	10, 26, 28 , 78, 96, 97, 137	Senior Salaries	
Organisation Conjoint de Coopération en matiers d'Armement (OCCAR).....	325	Ministers.....	204
Organisation of Defence.....	67	Senior Civil Servants	201
Other Government Departments		Senior Military Officers	201
Cabinet Office	107, 123, 124, 129, 132, 138, 172	Payments	
Department for Education and Skills.....	68, 124, 128, 129, 135	Suppliers	196
Department for Environment, Food and Rural Affairs.....	36, 84	Peacekeeping	15, 26, 35, 52, 56, 58
Department for International Development	7, 13, 15, 28, 32, 41, 73	Pensions – Armed Forces.....	210, 243
Department of Health.....	147	Armed Forces Compensation Scheme.....	71, 194, 243, 330
Department of Trade and Industry	101, 148	Armed Forces Pay and Administration Agency.....	89, 309
Foreign and Commonwealth Office.....	7, 13, 15, 28, 47, 54, 73	Errors	71
Home Office.....	36, 110, 133, 135	Liabilities.....	71
HM Treasury.....	3, 8, 12, 28, 67, 84, 101, 124, 148, 150, 153, 157, 159	Gurkhas	71
Ministry of Justice.....	27	Service Personnel Veterans Agency.....	70
National Health Service.....	70, 131, 132	Veterans	70
Police.....	35, 106, 110	War Pensions	71, 150, 199, 239
Post Conflict Reconstruction Unit	47, 59	Pensions – Civilian.....	194
Outturn		Civil Service.....	209, 234, 242
Net Resource	3, 150, 151 , 153, 156, 236	Early Departure	255
Request for Resources 1 (Defence Capability)	151, 152, 219, 221, 236, 241, 258	People Pay and Pensions Agency . 103 (+ Annex), 106	
Request for Resources 2 (Operations).....	151, 152, 218, 219, 220, 236, 241, 258	Senior Staff	
Request for Resources 3 (War Pensions)	151, 219, 237, 258	Ministers.....	205
P		People Pay and Pensions Agency	103, 106, 308, 311 , 319
Parliament		People Programme..	11, 87, 103, 105, 124, 126 , 127 , 132
Accountability.....	284	Efficiency.....	83, 85, 107
House of Commons Defence Committee.....	43	Performance	
Parliamentary Questions	185 , 284	Agencies	
Public Accounts Committee	43, 137, 287, 288, 341	Business Management	143
Select Committees	185, 286	Current Operations	126
Statement of Parliamentary Supply.....	151, 220, 223	Efficiency and Change	83
Pay		Estate.....	174
Armed Forces Pay Review Body 2007 Report	103, 105, 178	Finance	150
Military Personnel Package.....	103, 105	Future Capabilities and Infrastructure	93
		Future Effects	76
		Future Operations	42
		Future Personnel.....	103
		Health and Safety	130
		Logistics	136
		Manpower	160
		Personnel Management.....	118
		Public Service Agreement	
		Policy.....	151

Reputation	184	Iraq	27, 30, 31
Science, Innovation and Technology.....	109	Post Conflict Reconstruction Unit	47, 52, 59
Wider Government	62	United Nations.....	32, 40, 47
Performance Management.....	3, 123, 148	Recruitment.....	6, 12, 172
Personal Development		Advertising.....	163
Civil Service.....	123, 129, 173	Civil Service.....	119, 127, 160, 170
Communities.....	67	Service Personnel	84, 85, 105, 161, 163, 164, 165, 166, 170, 186
Service Personnel	67, 68	Related Party Transactions	193, 275
Young People.....	67, 68	Remuneration.....	104
Pinch Points.....	160, 162	Senior Salaries.....	105
Post Conflict Reconstruction Unit	47, 59	Reporting Cycle.....	196
Preface.....	8	Reputation	12, 173, 184
Private Finance Initiative.....	97, 159, 343	Among Service and Civilian Personnel.....	187
Awards.....	97	Among the UK Public.....	187
Commitments.....	264	Defence in the Public Eye	185
Transactions.....	233	Defence Communications Strategy.....	185
Procurement		Media Access to Personnel	187, 189
Acquisition Change Programme.....	8, 88, 91, 99, 101, 106, 109, 111, 124, 139, 146	Request for Resources (see Outturn)	
Business Cases	111	Research and Development	111, 112, 114
Capital Infrastructure	93, 97	Alignment with Defence Needs	112
Collaborative	Annex	Exploitation of Technology	113
Defence Industrial Strategy		Programme Management	113
Key Contracts	96	Supplier Management.....	100
Performance and Targets.....	93	Reserves (Armed Forces).....	168
Private Finance Initiative.....	97	Army	163
Supplier Management.....	100	Personnel.....	30, 34
Urgent Operational Requirement.....	26, 28 , 78, 96, 97	Royal Air Force	164
Proliferation Security Initiative	55	Royal Navy.....	163
Property (See Estate)		Reserves (Financial)	234
Public Accounts Committee		Retention	
Evidence.....	287	Civil Service.....	170
Reports	287, 288	Civilian Progression.....	160, 171
Public Perception	187	Service Personnel	161, 162, 163, 164, 169, 172, 176, 186
Public Service Agreements	13	Risk	
Q		Foreign Currency	267
Qinetiq.....	65, 113	Interest Rate	267
R		Liquidity.....	267
Readiness		Management.....	212, 213
Army	38	Rotorcraft (See Helicopters)	
Impact of Current Operations	38, 39	Royal Air Force	
Royal Air Force	38	Air Bridge – Sustainability	137
Royal Navy.....	37	Concurrency	38, 39
Reconstruction.....	7, 8, 13	Future Structure and Capabilities.....	78
Afghanistan	27, 32, 33, 40	Harmony	118, 120
Balkans	34	Manning Balance	161

Maximum Size (Votes A)	218, 279
Training	118, 122
Transformation	78
Royal Navy	
Concurrency	37
FLEET Transformation	84, 85
Future Structure and Capabilities	78
Harmony	119, 120
Manning Balance	161
Maximum Size (Votes A)	279
Training	118, 121
S	
Salary (See Pay)	
Science and Information Technology (See also Research and Development)	109-115
Better Business Cases	111
Counter Terrorism	109, 110, 113
Defence Technology Strategy	114
International Collaboration	111
Procurement	111
Support to Equipment Programmes	110
Support to Operations	110
Quality of Advice	111
Search and Rescue	36
Security of UK Overseas Territories	36
Service Accommodation	
Service Families Accommodation	174, 176
Single Living Accommodation	156, 174, 175, 176
Service Children's Education	311
Service Families Accommodation	174, 176
Service Personnel (See also Manpower)	
Armed Forces Act 2006	103, 105, 107, 135
Career Satisfaction	125
Development	120
Diversity	160, 165
Duty of Care and Welfare in Initial Training	120 , 121, 135
Former (See Veterans)	
Harmony	9, 10, 11, 14, 21, 26, 27, 50, 118, 199 , 120, 162
Health	6, 11, 62, 68, 70, 71, 85, 104, 130, 131 , 132, 133, 134, 291, 310
Improving Service Diversity	173
Individual Separated Service	11, 21, 118, 119, 120
Joint Personnel Administration	8, 11, 83, 87, 103, 104 , 108 , 120, 122, 187
Manning Balance	12, 19, 161 , 162, 169
Operational Welfare Package	7, 103, 104, 119
Plan	11, 103, 104
Recruitment	6, 84, 105, 161, 163 , 164, 165, 166, 169
Reserves	26, 30, 68, 78, 130, 132, 168 , 169
Retention	105, 125, 129, 161, 162, 163, 164
Sexual Harassment	105, 160, 168
Skills	8, 11, 14, 35, 54, 57, 66 , 79, 118, 119, 120, 121 , 122, 123, 128, 162, 164
Votes A – Maximum Size of the Armed Forces	218, 279 , 347
Sexual Harassment	105, 160, 161
Single Living Accommodation	156, 174, 175, 176
Skills	
Accreditation and National Qualifications	67 , 129
Acquisition Skills	11, 103, 106 , 145
Armed Forces Learning Credits Scheme	67 , 129
Civil Service	11, 101, 103, 105, 106, 107, 115, 123 , 124
Defence and National Skills	128
Developing Managers	106
Improving Skills	66
Information and Communication Technology	121
Literacy and Numeracy	66
Skills and Behaviours	118, 121
Social Inclusion	
Veterans	67 , 68, 69
Young People	67 , 68, 69
Special Payments	270
Advance Notifications	157, 270, 273, 274
Closed Cases	157, 271
Spending Review	
Efficiency Programme	85, 86, 87, 88, 89, 157 , 307
Performance against Public Service Agreement Targets	10, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23
Sponsorship	124, 320
Sport	
Communities	68
Young People	67 , 68, 104, 128, 173
Stocks and Work-in-Progress	222, 233 , 251
Summary Assessment	
Business Management	143
Efficiency and Change	83
Current Operations	26
Estate	174
Finance	150
Future Capabilities and Infrastructure	93
Future Effects	76
Future Personnel Plans	103

- Future Operations42
 Health and Safety 130
 Logistics 136
 Manpower 160
 Personnel Management..... 118
 Policy51
 Reputation 184
 Science, Innovation and Technology..... 109
 Wider Government62
 Suppliers.....65, 101, 111, 112, 113, 114, 180,
 196, 262, 268, 290, 291, 292, 297
 Key Supplier Management.....**100**
 Payments156, 196
 Supplying Operations..... 141
 Support to Operations 11, 12, 33, 78, 92, 136, 137,
 141, 160, 163, 310
 Civil Service.....103, 106
 Science and Information Technology 109, **110**
 Sustainability (Environment).....9
 Biodiversity64, **180**
 Budgeting..... **64**
 Building design and construction **64**
 Climate Change.....62, 63, **65**, 73-74, 197, 314
 Consumption62, 63, **64**, 65, 179
 Development 62, **63**, 64, 65, 66, 74, 174, 177,
 180, 181, 197
 Energy62, 63, 64, **65**, 66, 73, 74
 Environmental Management on the
 Defence Estate 175, **183**
 Leadership and Accountability..... **64**
 Market Engagement..... **64**
 Raising Standards **64**
 Sustainable Operations on the
 Government Estate 63, 74, 186
 Sustainable Procurement 62, 63, **64**, 74
 Waste Management.....62, **64**, 65
- T**
- Technology (See Science, Innovation and Technology
 and Research and Development) Territorial Army
 (See Reserves)
 Top Level Organisation and Governance**144**
 Trading Funds3, 312, 315, 319, 346, 193, 212, 229,
 248, 249, 276
 Assets 233, 250, 268
 Related Party Transactions 275
 Trained Strength 12, 14, 19, 20, 21, 67, 160, **161**,
 162, 164, 169
- Training
 Acquisition Leadership Development Scheme 124
 Afghan National Army and Afghan
 National Police..... 32, **34**
 Civilian 106
 Collective **47**
 Defence Academy 124
 Development 120
 Duty of Care and Welfare in Initial Training..... 135
 Efficiency and Rationalisation 122
 Individual Military Training **122**
 Investors in People 231
 Iraqi Security Force.....29
 Qualifications 10, 62, 67, 118, 121, 128, 332
 Skills..... 11, 35, **66**, 69, 70, 79, 92, 100, 101, 103, **105**,
 106, 114, 118, 120, **121**, 122, **123**, **124**, **125**,
 126, 127
 Trident (See Deterrence and Strategic Nuclear Deterrent)
 Typhoon
 Collaborative Procurement.....77, 78, 81, 87, 91, 96,
 102, 138, 156
- U**
- UK Hydrographic Office198, 212, 248, 249, 250, 251,
 275, 312, **315**, 317, 319, 346
 Unit Harmony 11, 21, 50, 118, **119**
 United Nations35, 40, **58**, 148
 Peacekeeping Operations 29, **35**, 40
 Reconstruction **58**
 United State of America..... 28, 29, 33, 54, 61, 98, 100,
 111, 175, 343
 Collaborative Procurement..... 326
 Missile Defence.....56
 Operations28, 29, 33, 98
 Urgent Operational Requirements ...26, **28**, **97**, 137, 238
- V**
- Veterans9, 10, 62, **66-71**, 131, 157
 Armed Forces Compensation Scheme71
 Gurkhas71, 161, 163
 Health70
 Pensions..... **71**, 125, 147, 151, 153
 Provision of Support.....68, 70
 Recognition and status.....69
 Strategy68
 Transition to civilian life.....69
 War Pensions 71, 151

Veterans Agency..... 70, 71, 157, 194, 212, 239, 278,
308, 309, **312**, 319, 331, 347

Votes A – Maximum size of the Armed Forces....218, 279

W

War Pensions.....**71**, 150, 151, 228, 237, **239**, 244,
254, 270, 347

Welfare7, 11, 68, 69, 70, 71, 103, 104, 118, **119**, **120**,
121, 161, 311, 337, 347

Duty of Care and Welfare in Initial Training 135

Wider Markets.....**157**, 159, 343

Write-offs..... 153, **157**

X

Y

Young People.....67

Cadets68

Social Inclusion and Personal Development.....67

Z