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Annexes



Annex A

ACCOUNTABILITY TO PARLIAMENT

Ministers have accounted to Parliament during 2005-06 on all aspects of the Department's business. 3,883 Parliamentary Questions were tabled. Defence Ministers participated in six debates on Defence issues in the House of Commons and six in the House of Lords, responded to 18 Adjournment Debates and two urgent questions in the House of Commons, and made 11 oral statements to the House of Commons and six to the House of Lords. They also made 136 written statements to the House of Commons and the House of Lords. Details are published in Hansard, and a full list of Defence debates and oral and written statements is available on www.mod.uk.

EVIDENCE TO HOUSE OF COMMONS DEFENCE COMMITTEE

Since 1 April 2005 the Ministry of Defence has 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

House of Commons Defence Committee Reports (Government Responses are listed in brackets after the report they relate to)

First Report HC 747 (HC 1021)	Armed Forces Bill	<i>published 8 December 2005</i>
Second Report HC 554 (HC 926)	Future Carrier and Joint Combat Aircraft Programmes	<i>published 21 December 2005</i>
Oral evidence Tuesday 1 November 2005 HC556-I	Introductory evidence sessions with the Secretary of State for Defence	<i>published 17 January 2006</i>
Third Report HC 557 (HC 1000)	Delivering Front Line Capability to the RAF	<i>published 18 January 2006</i>
Fourth Report HC 980 (HC1136)	Costs of peace – keeping in Iraq and Afghanistan: Spring Supplementary Estimates 2005-06	<i>published 16 March 2006</i>
Fifth Report HC558	The UK Deployment to Afghanistan	<i>published 6 April 2006</i>
Sixth Report HC822 (HC1293)	Ministry of Defence Annual Report and Accounts 2004-05	<i>published 20 April 2006</i>
Seventh Report HC824	The Defence Industrial Strategy	<i>published 10 May 2006</i>

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.

Table 29: Defence Committee visits to military establishments		
Date of Visit	Establishment	Related Inquiry
16 Nov 05	RAF Marham	Delivering Front Line Capability to the RAF
21 Nov 05	DARA St Athan	Delivering Front Line Capability to the RAF
23-24 Nov 05	UK Support Command (Germany)	The UK deployment to Afghanistan/ Familiarisation visit
8 Dec 05	PJHQ Northwood	Familiarisation visit
26 Jan 06	Defence Procurement Agency	Familiarisation visit
9 Feb 06	Fleet Command HQ	Familiarisation visit
27 Feb 06	Land Command HQ	Familiarisation visit
9 Mar 06	Strike Command HQ	Familiarisation visit
22-23 March 06	Bishopspark School, Paderborn and King's Secondary School, Gutersloh, Germany	Educating Service Children

EVIDENCE TO SELECT COMMITTEES OF THE HOUSE OF COMMONS AND HOUSE OF LORDS

Since 1 April 2005 the Ministry of Defence has also given written and oral evidence on various issues to a number of Select Committees of the House of Commons and House of Lords, as shown below.

SESSION 2005-06

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

HoC Constitutional Affairs Committee HC 731	<i>The Office of the Judge Advocate General</i>	<i>published 12 December 2005</i>
Health Committee HC 485 vols i-iii	<i>Smoking in Public Places</i>	<i>published 19 December 2005</i>
Public Administration Committee HC 735	<i>A Debt of Honour</i>	<i>published 18 January 2006</i>
Lords EU Committee HL 125	<i>Current Developments in European Defence Policy</i>	<i>published 3 March 2006</i>
Joint Committee on Human Rights HL 133/HC954	<i>Implementation of the Strasbourg Judgements:</i>	<i>published 8 March 2006</i>

EVIDENCE TO PUBLIC ACCOUNTS COMMITTEE AND REPORTS

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

SESSION 2004-05

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

Eighth Report
HC 386
(Cm 6577)

Ministry of Defence: Battlefield Helicopters

Twenty-Sixth Report
HC 70
(Cm 6668)

Ministry of Defence: The Rapid Procurement of Capability to Support Operations

SESSION 2005-06

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

Third Report
HC 410

Ministry of Defence: Major Projects Report 2004

(Cm 6712)

Twenty-Sixth Report
HC 667
(Cm 6775)

Ministry of Defence: Assessing and Reporting Military Readiness Report

MoD Evidence

Major Projects Report 2005

HC 889-i

Oral Evidence given by Mr Bill Jeffrey CB, Permanent Under Secretary of State, Sir Peter Spencer KCB, Chief of Defence Procurement and Lieutenant General Sir Robert Fulton KBE, Deputy Chief of Defence Staff Equipment Capability, Ministry of Defence.

Progress in Combat Identification

HC 70-i

Evidence given by Mr Bill Jeffrey CB, Permanent Under Secretary of State and Air Vice Marshal Stephen Dalton CB, Capability Manager (Information Superiority) and Senior Responsible Owner for Combat Identification, Ministry of Defence.

Annex B

ORGANISATION AND MANAGEMENT OF DEFENCE

Secretary of State and Ministers

1. The Secretary of State for Defence is responsible for the formulation and conduct of Defence policy. He is supported by a Minister of State for the Armed Forces, and two Parliamentary Under-Secretaries of State.

Strategic Control

2. Beneath Ministers lies the top management of the MoD, comprising eleven senior officials and Service officers. The Secretary of State has two principal advisers: the Permanent Under Secretary of State (PUS), and the Chief of the Defence Staff (CDS). They share responsibility for much of the Department's business, reflecting the input that both military and civilian personnel make to political, financial, administrative and operational matters. The PUS has primary responsibility for policy, finance and administration in the Department. He is the MoD's Principal Accounting Officer and is personally accountable to Parliament for the expenditure of all public money voted for Defence purposes. CDS is the professional head of the Armed Forces and the principal military adviser to the Secretary of State and the Government. PUS and CDS each have a deputy; the Second Permanent Under Secretary of State (2nd PUS), and the Vice Chief of the Defence Staff (VCDS). They jointly head the Central Staff or Head Office.

3. Defence is managed through a system of high level boards and committees that provide corporate leadership, with strategic control and direction flowing from the Defence Council, the Defence Management Board (DMB) and the Chiefs of Staff Committee. This ensures that the Department operates as one entity.

The Defence Council

4. The Defence Council is the senior Departmental committee. It is chaired by the Secretary of State, and comprises the other Ministers, the PUS and CDS, and other senior Service officers and officials. It provides the formal legal basis for the conduct of Defence through powers vested in it by statute and Letters Patent.

The Service Boards

5. Administration of the single Services and their personnel is delegated to the Service Boards (the Admiralty, Army and Air Force Boards) from the Defence Council. The Service Boards are chaired by Ministers and monitor Service performance as well as exercising quasi-judicial functions, such as discipline and redress of grievance.

The Defence Management Board

6. The 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 support the PUS as Accounting Officer to deliver the Defence aim set out in the Public Service Agreement; it also owns the Defence Vision. The Board is made up of the non-Ministerial members of the Defence Council, the Department's Finance Director and two external, independent members. The DMB is responsible for:

- **The role of Defence** – providing strategic direction, vision and values;
- **Objectives and targets** – establishing the key priorities and Defence capabilities necessary to deliver the MoD's Departmental objectives;
- **Resource allocation and strategic balance of investment** – to match Defence priorities and objectives; and
- **Performance management** – managing and driving corporate performance.

The Chiefs of Staff Committee

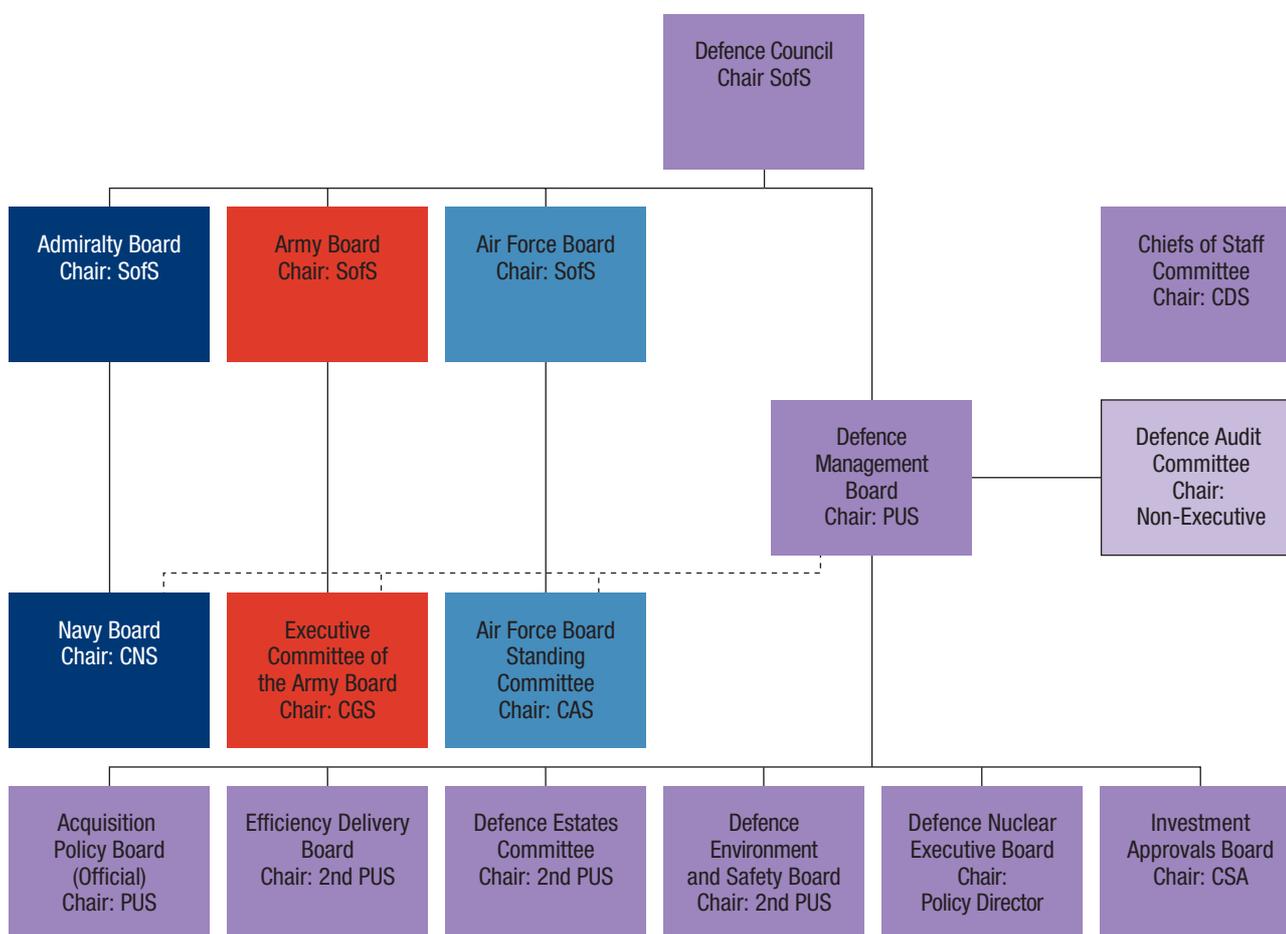
7. The Chiefs of Staff Committee is chaired by CDS and is the main forum in which the collective military advice of the Chiefs is obtained on operational issues, and through which CDS discharges his responsibility for the preparation and conduct of military operations.

Service Executive Committees

8. Service Executive Committees (SECs) assist their Service Chiefs in their roles as members of the DMB and in their operational and management advisory roles within the Department. The Committees bring together, under their respective single Service Chief of Staff, the operational and personnel commanders for each service, and are responsible for translating Defence-wide objectives into priorities and targets for each Service. The Committees are:

- The Navy Board;
- The Executive Committee of the Army Board; and
- The Air Force Board Standing Committee.

Figure 9: Top level committee structure



The Head Office

9. The Head Office is responsible for leading the Defence contribution to the development of the Government's foreign and security policy and wider HMG objectives, and for translating those objectives into Departmental policy and the Defence capability needed to deliver it. The Head Office has four main roles:

- Advising Government on Defence
- Making Policy and Setting Departmental Strategy
- Planning and Resource Allocation
- Management of Defence

10. There are a number of departmental high level processes which define standards and requirements for key activities (such as personnel and financial management) which take place across the various business units, to ensure that they operate consistently and effectively across Defence. These enabling processes

do not deliver specific outputs, but condition how that delivery is carried out. The Business Management System was introduced in April 2005 to enable better management of a range of these. In the first instance it identified six enabling pan-Departmental processes, for logistics; civilian workforce; Service personnel; communications; financial management; and commodity procurement. A further three Head Office enabling functions were also defined, for planning and resourcing, the strategic context, and the peace-conflict cycle. A senior Process Owner was appointed for each process, accountable to the Defence Management Board for ensuring that their process is efficient and effective, coherent with other processes and functions, and is implemented consistently across all Top Level Budget organisations. This brought greater clarity, coherence and accountability to the way the Department is managed by defining the interconnection between these processes, the roles and responsibilities of the senior military and civilian process owners responsible for them, and their relationship with Top Level Budget Holders and Senior Responsible Owners responsible for specific outputs.

¹ This has now been reduced to 12 TLBs with the merger of the Commander in Chief Fleet and the Chief of Naval Personnel to form the Fleet Joint TLB on 1 April 2006.

Top Level Budgets and Agencies

11. Most Defence activity takes place outside the Head Office and is managed through thirteen¹ Top Level Budget (TLB) holders, (shown in figure 10) and five Trading funds not included in the TLB structure. PUS grants each TLB holder extensive delegated powers over personnel, infrastructure and budget. The Army and Air Force have separate TLBs for their Operational and Personnel commands. The Navy merged their two TLBs on 1 April 2006 to form a single Fleet TLB.

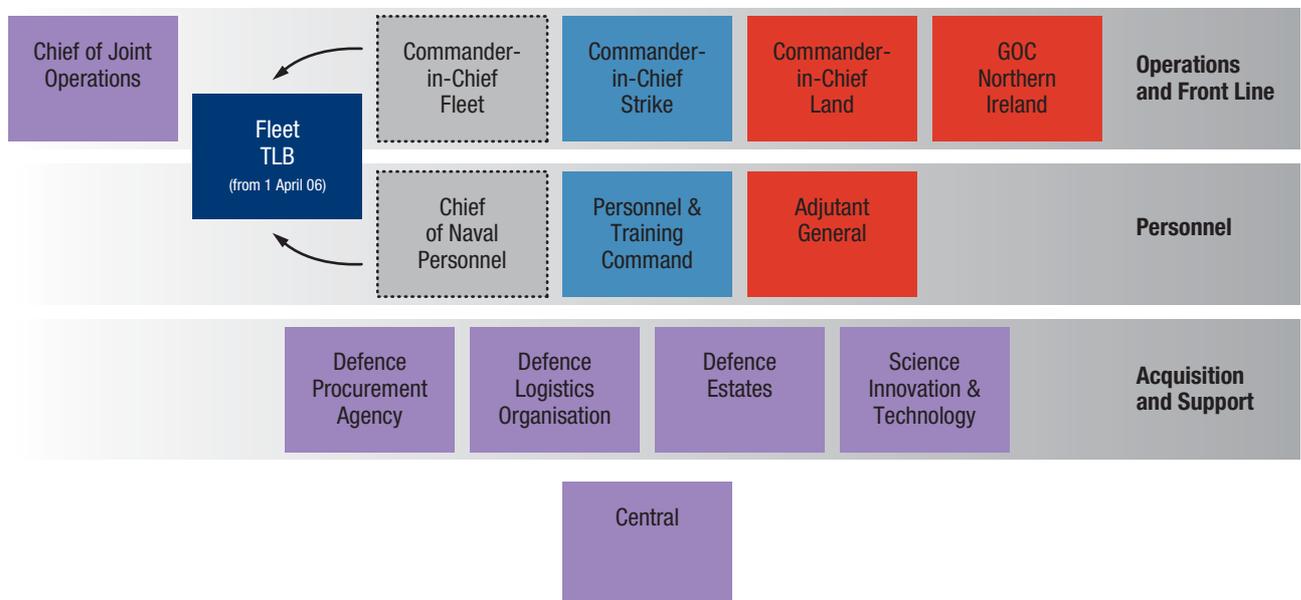
12. The other TLBs are Defence rather than single Service organisations:

- Chief of Joint Operations, who is responsible for the planning and execution of joint (tri-Service) operations, and for the management of Permanent Joint Operating Bases in Cyprus, Gibraltar, the Falkland Islands and Diego Garcia;
- The Defence Procurement Agency, which procures equipment for all three Services;
- The Defence Logistics Organisation, the sole authority for providing logistics support to the Armed Forces;

- The Central TLB, including the Head Office and providing corporate services to other TLBs;
- The Science, Innovation and Technology TLB, headed by the Chief Scientific Adviser, who is responsible for delivering expert advice and developing scientific and technological solutions to satisfy MoD's needs and problems; and,
- Defence Estates, which delivers estate maintenance, works and services, and manages service housing.

13. Each TLB holder has a 'contract' with MoD Head Office, known as a Service Delivery Agreement, which specifies the outputs required of that TLB, the resources they are given to deliver these outputs, and the authority delegated to TLB holders by the PUS. Within the TLB structure are a range of agencies, spanning the bulk of Defence support activity, including logistics, training and corporate services such as bill paying and policing (see Annex E). The Secretary of State owns and is ultimately accountable for the performance of Defence agencies and Trading Funds.

Figure 10: Top Level Budget structure of the Ministry of Defence



Annex C

PSA TARGET 2: DETAILED ASSESSMENT AGAINST PERFORMANCE INDICATORS

A. Afghanistan: On Course

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.

- During 2005-06 parliamentary and provincial elections were held and the National Assembly was inaugurated. There was an acceleration in Security Sector Reform notably in disarmament, demobilisation and reintegration. The UN played a leading role. The UK contributed funding, expertise and military resources including some \$20m since 2002 for disarmament, demobilisation and reintegration;
- The planning for the deployment to Helmand reflects multi-disciplinary civil-military approach. The UK focus has been on the importance of accelerating security sector reform, to ensure long-term capacity building of Afghan institutions as the international community's exit strategy, in G8 fora and through EU/Afghanistan Joint Declaration. This focus further emphasised in Afghanistan Compact, the framework document for the international community's engagement over next 5 years;
- The UK announced on 26 January 06 the deployment of an additional 3,300 troops to Southern Afghanistan, as part of the expansion of the NATO-led International Security Assistance Force (ISAF). The UK has agreed to lead a Provincial Reconstruction Team in Helmand Province, which will be supported by a UK Taskforce. This, in addition to the 1,000 strong deployment of the Headquarters Group of the Allied Rapid Reaction Corps, which is due to lead the ISAF from May 2006 for nine months, will increase the total UK commitment to Afghanistan from around 1,000 in January 06 to a peak of 5,700 in mid 2006, and reducing, as the initial deployment of engineers withdraws, to below 4,700 by the Autumn.

B. Balkans: On Course

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 UK continues to provide considerable military, political and financial support, both multilaterally (through EU and NATO) and bilaterally, to help support the process of integration, particularly focussing on Kosovo's final status process. Since 1 April 2005 an average of some 1,050 UK regular service personnel have been deployed in Bosnia and Kosovo;

- Bosnia-Herzegovina (BiH) and Serbia-Montenegro opened EU Stabilisation and Association Agreements. Former Yugoslav Republic of Macedonia awarded EU candidate status. Progress towards Partnership for Peace and NATO membership is less apparent, mostly due to states not having achieved outstanding conditions e.g. full International Criminal Tribunal for Yugoslavia co-operation.
- UK was instrumental in securing BiH police reform. Several Departments and law enforcement agencies continue to tackle organised crime in the Balkans.
- The MoD, in collaboration with volunteers from the UK Fire service, led a Global Conflict Prevention Pool funded project to establish an amalgamated fire and emergency response service for the ethnically divided communities of East and West Mostar in BiH. Through retraining demobilised soldiers from the Bosnian Armed Forces, the new Brigade not only provided a much needed enhanced service to the community but, also engaged representatives of all ethnicities in the city, going some way to help the process of post-conflict reconciliation and reconstruction in Mostar.

C. Democratic Republic of Congo (DRC): On Course

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).

- The DRC Transitional Government has until June 2006 to successfully organise free and fair elections, merge various armed forces into a national army, and demobilise those wanting to return to civil life. Elections are on track, but army integration is moving at a slower pace.
- The UK is one of several key actors in Security Sector Reform in DRC. The UK has offered DRC Government \$5million to support newly integrated brigades, once they have implemented EUSEC's recommendations to speed up disarmament, integration and to improve the transparency of paying its soldiers.
- The UK continues to support MONUC's (UN mission in DRC) robust approach to protecting civilians and tackling armed groups in the DRC, particularly in the volatile East and Northeast.

D. Iraq: On Course

By end 2007-08: A stable, united and law abiding state, within its present borders, co-operating 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 all its people.

- Despite serious security challenges, political progress has been made in 2005-06. With support from the UK, the constitution drafting process was completed, and successful elections were held in December 2005 for a new permanent Iraqi Government. The International Mission for Iraqi Elections found that the election had generally met international standards.
- Progress has also been achieved in the reconstruction and conflict resolution effort. With international partners, the UK continues to focus on Security Sector Reform and capacity building, including training and mentoring the Iraqi Police, Army, Navy, and Border Enforcement and increasingly Iraqis are taking the lead; supporting the Iraqi PM's office and Cabinet and Committee system; and providing grants to grass-roots Iraqi civil society.
- Significant risks remain, notably from the continuing insurgency, sectarianism, and in the economy. Following the elections a Government of National Unity has now been formed, which should be better able to tackle the key security and economic challenges facing Iraq.
- Since 1 April 2005 an average of some 8,000 service personnel have been deployed in Iraq to assist the Iraqi Government in providing security and building the capability and capacity of the Iraqi Security Forces so that they may take responsibility for their own security.

E. Middle East Peace Process: Slippage

By end 2007-8: 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 UK continued to work closely with the Quartet to encourage a return to the Roadmap, following the successful Israeli disengagement from Gaza in the summer.
- The UK also worked closely with the US and international partners on Palestinian security sector reform, but such work was suspended following Hamas' surprise victory in the January elections. International donors have reviewed their support to the new Government against its commitment to the principles of non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap. Work with Israeli NGOs was stepped up during the year, helping raise awareness of key MEPP issues.
- The MoD has provided a Military Liaison Officer who was working closely with the Palestinian National Security Forces, to support their short-term capacity and work towards longer-term reform, through training, advice and provision of equipment. Whilst the Hamas

elections take place, he has assisted the US Security Co-ordinator General Dayton's office to act as Military Planner.

F. Nepal: 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.

- UK objectives were thrown off course by the King's surprise takeover of power in February 2005, despite pre-emptive warnings by the international community. Efforts to persuade the King to reverse this step have failed. The UK and international partners have helped to persuade Maoists to extend 3-month autumn unilateral ceasefire. The King declined to respond or accept the Maoist/party agreement. The ceasefire expired in January 2006 and the violence resumed.
- The UK led high level EU Troika registered united EU message of support for multi-party democracy. The Government supported UN's human rights monitoring operation, which appears to have contributed to improvements in human rights, including a reduced number of illegal detentions, although abuse remains at a high level.
- HMG gifted bomb disposal kit was used to diffuse hundreds of Maoist improvised explosive devices, which could have killed and injured many people.

G. Nigeria: On Course

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

- There has been significant communal fighting between Muslim and Christian ethnic groups in Plateau and Kano states since the late nineties, with communal fighting of a lesser magnitude in the Niger Delta Region. Both situations have seen a worrying upsurge in early 2006.
- The UK has supported co-ordination between government and civil society and funds ongoing work on inter-faith peacebuilding. The Government is currently scoping the possibility of UK support to conflict prevention in the Niger Delta region.

H. Sierra Leone: On Course

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

- Due to past and ongoing involvement, the UK continues to play an unusually influential role.
- The UK continued to support the enhancement of the capacities, skills and resources of the Sierra Leone Armed Forces, Police and state security structures,

such as the Office of National Security. Crucial given the draw down of UNAMSIL at the end of the 2005. Future advice and training now falls to International Military Advisory and Training Team (including some 90 UK Service personnel) and DFID (for the police). Over £18m of Africa Conflict Prevention Pool programme budget was channelled into Sierra Leone in FY2005-06.

I. Sudan: Slippage

By end 2007-08: A fully implemented comprehensive peace agreement between the Government of Sudan and the 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.

- Prospects for peace in Sudan remain fragile given ongoing crisis in Darfur, instability in East and enormous challenge of implementing North-South peace agreement.
- The UK has provided technical assistance to Sudanese parties on DDR planning in North/South peace process, leading donor discussions on support for military security transition through a multilateral International Military Advisory Team.
- The UK gave financial support to, and maintained an observer presence at Abuja Peace Talks. In January 2006 Foreign Secretary addressed parties, delivering a tough message about lack of progress, helping to inject new energy into talks.
- In FY2005-06, HMG provided almost £30m support for African Union Mission in Sudan funding the purchase of vehicles, rapid deployment kits and covered costs of airlifting Nigerian battalions into Darfur through NATO.

J. UN Peacekeeping: On Course

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. The UK worked towards adopting UNSCR 1649, which called for an integrated strategy for the disarmament, resettlement and repatriation of foreign combatants incorporating military, political, social and justice-related aspects.
- The UK engagement played an important part in the decision to establish UN Peacebuilding Commission (PBC); and has hosted a conference to examine how

PBC will fulfil its mandate, attended by UN experts, World Bank, academics and senior officials from member states.

- The Government supported the 5th Civilian/Military Peacekeeping Training Exercise (Mapex) to develop capacity, and enhance understanding of complex Peace Support Operations through study of operational planning, co-ordination and conduct.

K. UN Peacekeeping: Ahead

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.

- 108 countries are contributing 69,800 peacekeepers to UN missions: a 12.5% increase in the number of countries involved and a 31% increase in the number of peacekeepers. G8 countries are on track to achieve Sea Island target of training 75,000 peacekeepers (mainly in Africa) by 2010.
- The UK continues to provide training to build PSO capacity. For example, the British Embassy Hanoi led a seminar to support Vietnam's preparedness to contribute to PSOs, following on from their recent agreement in principle to do so. Vietnam will soon decide about when and where to participate in UN PSO activity.

L. African Peacekeeping: On Course

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

- The UK support instrumental in developing of African Union's (AU) Peace and Security Architecture. HMG played a key role in co-ordinating donor resources and technical inputs on the African Standby Force (ASF) agenda.
- Regionally HMG's technical and financial support focused on Economic Community Of West African States, Eastern Africa Standby Brigade (EASBRIG) and, where possible, Southern African Development Community.
- The UK funded a military consultant to advise the AU when drafting the roadmap for the ASF. UK has supported the workshop process taking forward several key aspects of the ASF's development, acting as lead partner and delivering technical advice and funding for the EASBRIG-led ASF Logistics workshop, and also providing UK military personnel in an advisory role to most of the other workshop streams.

Annex D

PERFORMANCE MANAGEMENT

1. 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 DMB to translate strategy into operational objectives that drive both behaviour and performance. For Defence, 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 with an insight into the department's ability to achieve the Defence Vision.

2. The first Balanced Scorecards were devised, principally by Robert Kaplan and David Norton, for private sector – financially driven – organisations. As a public sector organisation, with outputs not expressed in financial terms, we have adapted their model to better reflect the nature of Defence. Accordingly, the Defence Balanced Scorecard has the four perspectives that summarise the breadth of Defence activity and cover the whole of the MoD's principal areas of business; Purpose, Resources, Enabling Processes and Future Capabilities. This generic structure is shown in Figure 11.

Figure 11: Top level 2005 Balanced Scorecard



3. 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 with those in the Department who are responsible for achieving the objectives – for delivery. Detailed performance indicators and metrics are also agreed. The performance indicators we use are a mixture of lag indicators (which inform the Board about actual achievements) and lead indicators (which are used to encourage different 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.

4. 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 is included in the report, together with an assessment of the key risks that could jeopardise the achievement of objectives. The strategic risk information represented is a result of gathering the most significant risks from the TLBs and Process Owners into a consolidated Departmental Risk Register. This register associates individual risks with particular objectives from the Departmental Plan. The overall ‘weight’ of risk against each of these objectives is then assessed and presented graphically to the DMB. 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.

5. Our approach, and the data systems underpinning it, have been subject to thorough review over the last four years, first in 2002 by the Department’s internal auditors and then in 2003-04 by the NAO, who conducted an external review of our reporting arrangements for the 2002 Spending review PSA targets. More specifically:

- our Conflict Prevention assessments (PSA Target 2) draw on a wide range of international statistics and reporting. In October 2005 the NAO published a report on Joint Targets, including the Joint Target for Conflict Prevention shared by the MoD, FCO and DFID;

- during 2004-05 the NAO conducted a further review specifically into our arrangements for assessing and reporting military readiness (PSA Target 3). Their report, published in June 2005, concluded that we had a good, and continuously improving, system for reporting readiness levels which compares well with that of other countries, such as the United States and Australia, and has been proven over time. They also noted that recent operations have largely validated the accuracy of the readiness reporting system. We have since made a number of further improvements recommended by the NAO in the way we report readiness. In January 2006, the Public Accounts Committee published their own, follow-on, report into our readiness reporting systems and found that we have a sophisticated system for defining, measuring, and reporting the readiness of the Armed Forces.

- the personnel statistics used to measure performance against out manning balance targets (PSA Target 5) are produced quarterly by the Defence Analytical Services Agency to the standard required for National Statistics;

- the NAO audit every year the reported performance against the PSA procurement targets. In addition, the NAO’s annual Major Projects Report sets out forecast performance, costs and timings for the MoD’s 20 largest equipment programmes (PSA Target 6). The most recent report, MPR 2005, published in November 2005, shows forecast cost savings of £699 million for the MoD’s top 20 major equipment programmes; and

- the financial data underpinning assessment of our value for money (SR2002 PSA Target 7) and efficiency (SR2004 Efficiency Target) targets ultimately derive from the Departmental Resource Accounts, on which the NAO has now given an unqualified opinion for three years. Within that, Defence Internal Audit validate our logistics efficiency data every year, and their reports are visible to the NAO.

We are currently awaiting the outcome of the NAO’s audit of the data systems that underpin our reporting against the 2004 Spending Review PSA targets.

6. Our approach to strategic management and performance reporting continues to attract interest from wider audiences, including other Government departments, local authorities and other nations’ Ministries or Departments of Defence. In addition, we are regularly invited to address, and take part in, international strategic and performance management symposia. This interaction is important to us because it gives us the chance to share ideas and pick up examples of other good practice. In this way we can continue to 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 04/05 (better/same/worse)
	05/06	04/05	03/04	05/06	04/05	
Armed Forces Personnel Administration Agency	9/10 90%	8/8 ² 100%	9/9 100%	7/8 88%	8/8 100%	3/4/1
Army Training and Recruiting Agency ¹	1/4 25%	1/4 ² 25%	4/5 80%	1/4 25%	1/4 25%	1/1/2
British Forces Post Office	6/6 100%	6/7 ² 86%	n/a	5/5 100%	5/5 100%	1/2/2
Defence Analytical Services Agency	8/10 80%	8/8 ² 100%	7/8 88%	4/5 80%	5/5 100%	2/1/2
Defence Bills Agency	6/6 100%	6/6 100%	6/6 100%	6/6 100%	6/6 100%	4/0/2
Defence Communication Services Agency	5/5 100%	6/7 86%	6/7 86%	4/4 100%	4/4 100%	1/0/3
Defence Estates	15/22 68%	10/15 67%	10/11 91%	4/6 67%	4/6 67%	3/0/3
Defence Medical Education and Training Agency	3/6 50%	5/7 71%	7/7 100%	3/5 60%	4/5 80%	1/2/2
Defence Procurement Agency	7/7 100%	7/8 ² 88%	2/5 40%	7/7 100%	7/7 100%	4/0/3
Defence Storage and Distribution Agency	6/6 100%	6/6 100%	2/6 33%	6/6 100%	6/6 100%	4/1/1
Defence Transports and Movements Agency	5/6 83%	5/6 83%	3/3 100%	5/6 83%	5/6 83%	2/3/1
Defence Vetting Agency	11/16 69%	6/12 50%	8/17 47%	9/13 69%	8/13 62%	9/2/2
Disposal Services Agency	5/6 83%	5/6 ² 83%	4/4 100%	2/2 100%	2/2 100%	2/0/0
Duke of York's Royal Military School	4/6 67%	5/8 63%	6/8 75%	2/4 50%	3/4 75%	2/0/2
MoD Police and Guarding Agency	3/8 38%	4/9 ² 44%	2/8 25%	0/4 0%	1/4 25%	1/1/2
Naval Recruiting and Training Agency ¹	5/7 71%	5/8 63%	4/7 57%	5/7 71%	4/7 57%	2/1/4
Pay and Personnel Agency	8/8 100%	9/9 ² 100%	5/6 83%	3/3 100%	3/3 100%	1/0/2
Service Children's Education	27/34 79	18/34 ² 53%	5/16 31%	25/32 78%	17/32 53%	18/7/7
RAF Training Group Defence Agency ¹	6/8 75%	3/7 ² 43%	5/7 71%	5/7 71%	3/7 43%	4/2/1
Veterans Agency	7/7 100%	7/7 100%	5/6 83%	6/6 100%	6/6 100%	3/3/0

Notes:

[1] Agency status was removed on 1 April 2006

[2] Where there are multiple elements to a Key Target, these have been counted separately. The number of key targets for these agencies for 2004/05 has been revised to ensure consistency.

Organisational Changes

From 1 April 2006 the Pay and Personnel Agency became part of the new People, Pay and Pensions Agency and Agency status was removed from the three Service Training Agencies (the Army Training and Recruiting Agency, the Naval Recruiting and Training Agency and the RAF Training Group Defence Agency).

Armed Forces Personnel Administration Agency

The year saw an exceptionally intense level of activity throughout the Agency which has culminated in the implementations of both Joint Personnel Administration (JPA) across the RAF and the new Compensation and Pension System (CAPS) in the weeks immediately preceding the end of the year. At the heart of both systems are AFPAA-developed technical solutions which, although based on standard commercial packages, have still required substantial configuration in order to support the new, harmonised personnel processes for the Armed Forces. In order to be able to utilise these technical solutions to best effect, AFPAA itself has had to undergo a fundamental transformation which will only complete when JPA is implemented across the Army in March 2007. The transformation programme has included a fundamental review of end-to-end processes, changes to the organisational structure and improvements to the working environment. A training programme was developed and delivered to all AFPAA staff which promoted the values and behaviours required to underpin the future success of the Agency in delivering a wide range of customer services to the highest possible standard. The agency narrowly missed one key target, relating to error rates on pay, as a consequence of single incident affecting about 7,500 individuals.

Army Training and Recruiting Agency

This was the last year of operation for ATRA prior to loss of Agency status as part of the changes proposed under the merger of the LAND and AG top level budget areas.

During the period of this report ATRA performed well against its key targets but the reduced recruiting levels of the two previous years influenced the inflow to the Field Army. The recruiting environment continued to be challenging, particularly for the Infantry and Royal Artillery, and as a consequence the agency missed three of its key targets, one narrowly. However Officer Regular Commissions Board passes are above target levels and soldier enlistments have improved and continue to show encouraging signs as a direct result of advertising. The publication of the Blake Report has provided further focus to ATRA's work already in hand to reduce risk in training, instigated as a result of Director Operational Capability, House of Commons Defence Committee and Adult Learning Inspectorate reports. ATRA's focus has continued to be to improve the number and quality of soldiers completing Phase 2 training.

British Forces Post Office

The efficient distribution of personal mail to Defence personnel deployed on operations has been the main effort of all staff employed at the BFPO's central sorting office in North West London. Demanding performance targets have been met against a backdrop of continued operational intensity and significant demands for efficiencies in all areas. The single most strategically important development during the year was the formal announcement of the 'preferred bidder' to construct the new facility for all of BFPO's London based activities at RAF Northolt. The relocation of BFPO from its home of over 40 years has been anticipated for a number of years as part of the necessary redevelopment of the MoD estate in London. This announcement enabled the detailed planning to commence in earnest for the relocation, which is expected to be achieved during the summer of 2007.

Defence Analytical Services Agency

DASA was charged with having more impact on policy and decision making within the MoD and for the first time this year this was explicitly reflected in its targets – interpreted as the delivery of new products and services, and the engagement of new Departmental customers. The Agency's performance in these respects has been very positive with a significant amount of new work being identified. Some common themes in this new work has enabled DASA to better focus efforts to have more impact on policy and decision making in MoD in the future – this is reflected in DASA's Corporate Plan for 2006-07, specifically in the development of its Information Strategy. DASA missed two of its Key Targets one as a result of an error in a statistical press release relating to one of its major outputs where no tolerance is allowed. However, overall performance was excellent, most targets being exceeded, including customer satisfaction at 96%.

Defence Bills Agency

The Defence Bills Agency met or exceeded all its key targets. This was the fourth consecutive year that the Agency maintained this level of performance, but this year's was particularly notable because of the additional pressures and challenges it faced with the introduction of the new Order to Cash process which went live in December 2005. New debt procedures introduced in late 2004 allowed the Agency to surpass the Key Debt Target by some 8%, bringing debt figures to historically low levels. During the year the Agency also dealt with an 8% increase in the number of bills received and retained accreditation to Charter Mark and the new Investors In People Standard.

Defence Communication Services Agency

From April 2005, Key Target 1 (Service Assurance) is an aggregated index for service delivery against a revised Product Portfolio that takes into account both the quantity and quality of services delivered. An enhanced Agency

performance measurement process was successfully embedded with approximately 800 metrics as opposed to the 250 reported against in previous years. These adjustments underpin the increasing utility and flexibility of Customer Supplier Agreements and support the increasingly mature position of these agreements as the foundation upon which customer/supplier relationships across Defence are based. Before 2005-06 the rationale underpinning Key Target 5 (Project delivery) was measurement of a steadily decreasing percentage of new projects that would exceed their time, cost and performance targets – the target incorporated a decreasing profile in recognition of Agency project management expertise improving over time. This Key Target has now been refocused to measure the percentage of new projects that are successfully delivered to time, cost and performance targets.

Defence Estates

Details relating to Defence Estates can be found on pages 149 to 153.

Defence Medical Education and Training Agency

DMETA continued fully to meet the Commanders in Chief requirements for Secondary Care Personnel for operations and exercises. In addition there has been a significant improvement in Key Target 2 (to ensure that DMETA staff achieve their annual mandatory military training) compared with 2004-05 as a result of local initiatives at MoD Health Units to identify opportunities for training and to ensure that staff can be made available. The Agency narrowly missed three of its key targets on: annual mandatory individual military training for DMETA staff (whilst at the same time showing a significant improvement in performance against the previous year); initial training that meets the requirements, professional standards and timescales defined by the single Services; and customer confidence. The latter is measured against the baseline established last year. For this first year it has only been possible to measure performance over a 9-month period in order to be able to report performance at the end of the year. In future years a full 12 months data will be available on which to calculate confidence ratings.

Defence Procurement Agency

Details relating to the Defence Procurement Agency can be found on Pages 77 to 80.

Defence Storage and Distribution Agency

DSDA continued to deliver successfully against its Key Performance Targets through 2005-06. It maintained the very high customer service levels in its explosive business area and significantly exceeded the performance recorded for the previous period in its non-explosive business area. In this latter area, demand for DSDA Services has been in excess of that forecast by Customers in terms of issues and receipt activity, up by 4.75% (£107k) and 7.25% (£34k) respectively. As the increase in output activity was

met from within budget limits performance figures are in excess of 100%. During the year, the DSDA “Do Different Option” was the successful bid in the Future Defence Supply Chain initiative (FDSCi). The Agency has started the process of delivery against some very tough targets and has agreed the incorporation of its ‘7 day delivery’ aspirations into the FDSCi Performance Indicators, with the target of achieving its aim by October 2007.

Defence Transport and Movements Agency

This was an extremely busy year for the Agency with the need to deliver strategic transport and movements in support of operations never more important. The tempo of operational activity was high throughout the period and remained significantly above the routine of steady state. To achieve this, the Agency ensured that the operational output of DTMA was not obscured by other non-operational, but nevertheless vital Agency requirements; the operational output continues to underpin all that the Agency does. However, the business needs of the Agency were not ignored demonstrated by the positive feedback that DTMA has received through Customer Surveys and the successful achievement of five of the key targets. The agency missed one key target relating to reducing the average unit cost of output.

Defence Vetting Agency

The arrival of a new Chief Executive in September 2005 enabled the Agency to complete a fundamental review of its vision and business strategy. At the centre of this strategy is the creation of a single vetting process and a new supporting management structure which will enable the DVA to be recognised as the lead authority on vetting process and risk based assessment across Government. The single vetting process will also ensure improved value for money and enable the agency to meet its vision of a shared service provider for national security vetting. Business development will be critical to the delivery of the DVA vision. Greater efficiency and effectiveness will be achieved through closer relationships with customers, competitors, and suppliers. The Agency also began implementation of the work which will enable it to be formally accredited as a Charter Mark organisation. The Agency missed five of its key targets/sub-targets relating to completion time for clearances, despite a reduction in the average completion times.

Disposal Services Agency

Prior to 1 April 2005, the DSA was part of the Defence Exports Services Organisation (DESO). Its main customer was the Defence Logistics Organisation (DLO), with the relationship articulated primarily through the DLO's Head of Specialisation (Disposal & Sales). On 1 April 2005 the Head of Specialisation (Disposal & Sales) amalgamated with the DSA, and the ownership of the merged Agency moved from DESO to the DLO. During its first year, despite changes in structure and a new Chief Executive, the new DSA has met or exceeded four of its five Key Targets. The remaining Target, to meet the standards of Internal Business Agreements, was only just missed.

The Duke of York's Royal Military School

The Duke of York's Royal Military School has academic and financial targets. The academic targets now match the cohorts and are benchmarked against national data. The financial targets ensure financial efficiency and mirror the expectation of wider community involvement. Key achievements over the year included improved academic achievement at GCSE and A Level, maintenance of financial efficiency and increased community involvement. The school missed two key targets relating to GCSE average points score and average cost per pupil.

Ministry of Defence Police and Guarding Agency

The Agency set a series of challenging and demanding Key Targets for 2005-06 based on its defined outputs within its business plan and to support the delivery of long term Critical Success Factors. The Agency has taken on a target for International Policing, agreed with the Foreign and Commonwealth Office, which was met. However the agency missed five of its key targets, relating to crime solving rate, customer tasking, efficiency and recruitment (2 key targets). Of these, the agency just failed to meet its target for recruiting female staff despite a substantial improvement on the previous year's performance.

Naval Recruiting and Training Agency

This was the last year of operation for NRTA prior to loss of Agency status as part of a wider reorganisation of the Royal Navy's Top Level Budget structure. The change of status facilitates this reorganisation but also provides the opportunity to create in due course a single Naval Training Command responsible for the delivery of all training activity, including those too closely entwined with front-line operations to be included within an Agency. The year was moderately successful in terms of key targets, with five out of seven achieved this year. It missed its targets for outputs from initial training and Royal Naval Reserve trained strength. The Royal Marine recruiting target, missed by a margin in 2004-05, was changed for 2005-06 to a more realistic but still challenging figure, and was achieved. The eighth 2004-05 target, comparing the cost of the HQ overhead with the 2003-04 baseline figure, could not sensibly be assessed this year owing to the scale of change ahead of the wider TLB reorganisation.

Pay and Personnel Agency

This was the last year of the Pay and Personnel Agency. In April 2006 the agency became part of the new People, Pay and Pensions Agency (PPPA). All the 2005-06 Key Targets were achieved during a time of considerable change and preparations leading to the launch and Initial Operating Capability for the new agency. Overall this was a good year with challenging targets in terms of ensuring current operations such as pay, pensions and expenses

payments continued to be delivered and Key Targets for timeliness and accuracy, responsiveness and for unit costs were achieved. In addition improvements were made to the hardware platforms on which the systems depend and a new automated call distribution system for the People Service Centre was introduced. These measures helped to improve the reliability of these systems both for our own staff and for customers.

Service Children's Education

The key aim of Service Children's Education is to provide a quality educational service, from Foundation Stage to Sixth Form, to the children of Service personnel accompanying their parents on postings overseas. To that end the Key Targets focus heavily on comparisons between the Agency's academic performance in relation to developments and achievements within mainstream schooling in the United Kingdom. The Agency continued to make significant progress in this core area of business with improvements across all Key Stages. Of the current 12 sub-targets relating to Standard Assessment at Key Stages 1-3, SCE met or exceeded the National average in 9. When compared with Local Education Authorities in the UK, SCE are within the top 15 (of 150) at Key Stages 1 and 3 and within the top 40 at Key Stage 2. The results of "higher achievers" again see SCE at or above the National average in 10 of the 12 sub-targets with GCSE results within the upper UK quartile and "A"-Level results (from an extremely small cohort) only 1% below the UK figure.

RAF Training Group Defence Agency

This was the last year of operation for TGDA prior to loss of Agency status as part of the collocation and rationalisation of the Royal Air Force's Headquarters. The agency's plan for 2005-06 focussed on delivering both standing and in-year priorities. The agency met all of its key targets within set tolerances with the exception of reducing the cost of training by improving first-time pass rates; and Initial Flying Training. Although the Initial Flying Training target was marginally outside the set tolerance, this will have no lasting operational effect and the shortfall will be recouped where essential this year. The main effort for 2005-06 for the core HQ was the restructuring of the Group and the preparation for transfer to High Wycombe as part of the Co-located Headquarters. This remained largely on track, although a number of areas of risk remain.

Veterans Agency

The Agency achieved all its key targets in 2005-06. Key achievements included reducing the average clearance time for claims to war pension by a further 8.8% to 52 working days and for claims from war widows by a further 4.6% to 21 working days; and the successful introduction of the new Armed Forces Compensation Scheme in April 2005, with a 100% claims accuracy rate achieved. The Agency received its second CIPFA/Price Waterhouse Coopers Public Accountability Award in June 2005.

MOD BUSINESS OWNERSHIP

The following sections give a performance overview of each of the MoD Trading Funds; ABRO, Defence Aviation Repair Agency (DARA), Defence Science and Technology Laboratory (DSTL), Met Office and the United Kingdom Hydrographic Office (UKHO). In addition to these businesses, the MoD also retains a 19.3% shareholding of QinetiQ following its privatisation this year; further detail can be found at paragraphs 272-273 within the main body of the report.

Trading Funds

Name	Overall Performance Number and % of targets achieved.			Year on Year Performance – number and % of targets met which were directly comparable with the 1 previous year.		Relative performance against comparable targets in 04/05 (better/same/worse)
	05/06	04/05	03/04	05/06	04/05	
	ABRO	4/5 80%	3/5 60%	5/5 100%	3/4 75%	
Defence Aviation Repair Agency (DARA)	3/4 75%	5/5 100%	4/4 100%	1/2 50%	0/0 0%	0/1/1
Defence Science and Technology Laboratory (DSTL)	7/10 70%	7/7 100%	7/7 100%	3/5 60%	5/5 100%	2/1/2
Met Office	5/5 100%	3/6 ¹ 50%	6/7 86%	1/1 100%	1/1 100%	0/0/1
UK Hydrographic Office (UKHO) ²	3/6 ³ 50%	4/6 67%	5/7 71%	2/4 50%	3/4 75%	3/0/1

Notes:

[1] Previously reported as 4/7 because 2 sub-elements had been counted independently.

[2] Previous years adjusted as sub-elements are no longer counted independently

[3] The three remaining targets were partially achieved

ABRO

ABRO (formally known as the Army Base Repair Organisation) is the Defence engineering business that provides repair, re-manufacture and engineering of land based equipment in support of UK Armed Forces. In addition, subject to delivering against its obligations to the broader MoD customer, ABRO is required to grow the long-term value of the business using its core skills and surplus capacity to diversify into other Defence and civil markets.

2005-06 has been a challenging year for ABRO: it has had to react to changes in the Defence industry driven by the modernisation of logistics support to the front line. As a result, in July 2005, the first phase of a rationalisation programme was announced reducing ABRO's workforce by up to 294 to reflect a downturn in its workload. Plans for the second phase of rationalisation programme were announced in November 2005. They involved up to 1226 redundancies across all of ABRO's sites together with the

closure of its Donnington armoured vehicle and engine facilities, focussing in-depth maintenance and repair of the armoured vehicle fleet at ABRO Bovington site (Dorset). Also proposed was the closure and reprovision in new facilities of ABRO's large one-stop shops at Warminster (Wiltshire) and Colchester (Essex) and an extension of in-barracks working which enables engineering support services to be delivered closer to the customer. In addition, there would be a significant rationalisation of the Head Office in Andover. However, in March 2006, following a reassessment of the likely threat on deployed operations, it was decided that the depth-repair programme for the FV430 fleet should be extended, resulting in extra work for ABRO's armoured vehicle repair centre at Bovington. As a consequence, repair work on Warrior and Combat Vehicle Reconnaissance (Tracked) will remain at ABRO's current Donnington facility for the medium term. ABRO confirmed in March 2006 that the rationalisation of its one-stop shops at Warminster and Colchester would proceed as planned with up to 339 redundancies.

Against the background of uncertainty created by rationalisation programme, ABRO performed well. It exceeded its revenue target of £128M (2004/05: £150M) and successfully delivered the first phase of the rationalisation programme. This, coupled with a more sustained flow of work from the DLO, saw an improvement in net profit from -£5.3M to £4.47M and, Return on Capital Employed from -5.3% to 4.0%. However, performance in 2004/5 was adversely affected by the need to establish £10M in obsolete stock provisions as a result of weak material control and consequent escalation in stock holdings.

Going forward, the key challenges for ABRO will be to develop and implement successfully the remainder of its rationalisation programme, play a positive role in the MoD/BAE Partnering Agreement and other wider changes to the armoured vehicle market place, and use its core Defence and civilian markets.

Defence Aviation Repair Agency

The Defence Aviation Repair Agency (DARA) provides deep level maintenance, repair and overhaul (MRO) services for military aircraft, systems and components. As a Trading Fund, it also has freedom to compete for other commercial work. MoD 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. The future direction of DARA was the issue dominating the reporting period. The culmination of which produced a number of preferred options, which the Minister for the Armed Forces announced to Parliament on 8 November 2005, which was later ratified on 2 February 2006. In summary the decision was to:

- Close DARA's fast jet business at St Athan by April 2007
- Close DARA's engines business at Fleetlands by April 2007
- Prepare for the possible sale of DARA's VC10, Rotary and Components businesses at St Athan, Fleetlands and Almondbank
- Retain in MoD ownership DARA's electronics business at Sealand

The cumulative effect on manpower levels means that a further 725 jobs will be lost across DARA, with up to 50 from reductions to DARA's corporate headcount. Despite this, DARA has continued to meet and at times, exceed MoD customer requirements achieving 3 out of its 4 Key performance targets.

The year has seen DARA's Rotary business transform its operations and embrace 'lean' principles within a 'pulse line' environment. The results have been impressive. The first helicopter platform to enter the pulse line during April 2005 was the Lynx. The Chinook and Sea King platforms followed and with invaluable support from stakeholders and experts in developing 'lean' principles and 'pulse line' activities, DARA is achieving and delivering outputs that would have been unimaginable 18 months ago.

The business, under UK accounting rules, is required to recognise any costs arising from the impending closure of the Fast Jet and Engines businesses, which adversely affected the operating profit and DARA has, for the first time, posted an operating loss of £3.3m in its accounts. Return on Capital Employed (ROCE) performance subsequently fell from 6.7% in 2004-05 to -2.43% in 2005-06.

Work is underway to test market interest in DARA's Rotary, Components and VC10 Tanker businesses. No decision has been taken to sell these businesses and any interest will be measured against criteria to test whether sale might deliver improved effectiveness, value for money for Defence and a better long-term future for employees.

Defence Science and Technology Laboratory

Defence Science and Technology Laboratory's (DSTL) core role is to provide independent and 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 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 remained static during 2005/06 at £353million, net profit for the DSTL (excluding Ploughshare) rose from £20.2M in 2004/05 to £21.8M in 2005/06. The ROCE fell from 9.4% for 2004/05 to 8.8%. Manpower charge rates continued to be held below the target for the fifth consecutive year indicating a reduction in real terms of the cost to customers. DSTL's wholly owned technology management company, Ploughshare Innovations Ltd, successfully completed its first full year of operations.

Looking to the future, DSTL is undertaking a major change programme to create an integrated laboratory for the future known as "i-lab". This links a number of strategic improvement programmes. It is progressing well, with the most significant issue over the next three years being to rationalise the DSTL estate to three core sites in order to (a): reduce fragmentation of DSTL's science and technology capability base to maximise synergy and coherence of delivery to customers; (b) sustain DSTL's long-term future by minimising overheads and reducing unnecessary

duplication in laboratories, facilities and support functions; and (c) rationalise the sourcing of facilities management services to one contract. Successful delivery of i-lab will be a key objective for the new Chief Executive, who will be appointed in the course of 2006-07.

Met Office

The Met Office provides the official national meteorological service for the UK, and is a world-leading provider of climate-prediction, environmental and weather-related services in the UK and around the world. In July 2005 the Met Office published a five year Corporate Plan which set out the intention to develop an even stronger role for the Met Office within government, to provide a more cost-effective public meteorological service, and to achieve significant commercial growth.

During 2005-06, the Met Office published its first ever winter forecast based on a statistical method analysis of sea temperature patterns in the North Atlantic. A successful media campaign ensured 71% public awareness of the winter forecast among the general public. The final figures for the full winter period revealed that mean temperatures were the lowest since 1996-07 for England and Wales and that all regions of the country had a drier than average winter, in line with the forecast made.

Turnover in 2005-06 was £170.4m (2004-05: £165.6m). The profit for the financial year fell from £12.3m in 2004-05 to £9.5m, largely due to an exceptional profit of £4.0m in 2004-05 arising on the disposal of freehold sites in Bracknell and in part because of a requirement to write-off a past investment in *weatherXchange*, a failed Joint Venture Company which went into administration in October 2005. Although ROCE fell from 7.6% in 2004/05 to 5.3%, it remained above the 3.5% target.

The key challenge for the Met Office going forward is the full delivery of its Corporate Plan. During 2006-07 it will seek to develop stronger, output-based relationships with all its government customers, and begin to implement a

major new commercial strategy. In the course of 2006-07, it is expected to appoint both a new Chairman and Chief Executive to the Met Office.

UK Hydrographic Office

The UK Hydrographic Office (UKHO) exists to help preserve the safety of life at sea. The hydrographic information it provides is crucial to support operations by the Royal Navy around the world. The UKHO also plays a central role in discharging the UK's treaty obligations to provide hydrographic services for waters of UK national responsibility, as required under international convention. In addition, it is a highly profitable commercial business.

Once again, the UKHO had a very successful year's trading and has continued to provide exceptional service to the Defence Customer. Net profit (£9.3M 2004/5 to £9.9M 2005/6) and ROCE (16.2% 2004/5 to 17.2% 2005/6) rose on the back of the growth of commercial sales – both paper and digital. The UKHO has developed and agreed a new, more market-orientated strategy. This has resulted in a number of changes, including the reorganisation of the UKHO to create new, market-facing divisions.

During 2005-06, Admiralty Holdings Limited, acquired SevenCs, a German company which produces key software for the display of electronic navigational charts on board ship. Working with SevenCs will enable the UKHO to better meet the needs of the mariner. In addition UKHO has secured a record number of reciprocal agreements with Hydrographic Offices around the world for the wider use of their data.

The challenge for the future for UKHO is to develop a commercial approach which will position it well in the digital market. Delivering this will be the top priority for the new Chief Executive, who takes up appointment in July 2006, following the retirement of Dr Wyn Williams – who has led the UKHO through five years of sustained growth.

FURTHER INFORMATION

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

- ABRO – <http://www.abrodev.co.uk/>
- DARA – <http://www.daranet.co.uk/>
- DSTL – <http://www.dstl.gov.uk/>
- Met Office – <http://www.met-office.gov.uk/>
- UKHO – <http://www.ukho.gov.uk>

Annex F

GOVERNMENT STANDARDS

Fraud

The previously enhanced Departmental emphasis on the deterrence and detection of fraud, theft and irregularity was further reinforced during the year. The Defence Fraud Analysis Unit (DFAU) undertook a pan-MoD programme of 153 presentations to an aggregate audience of 7,900 staff. This helped to sustain a high level of internal disclosure which contributed significantly to the record total of 382 recorded cases with an estimated value of £1.65M compared to £5.01M in the previous year. The most significant increase was attributed to cases of suspected exploitation of assets including abuse of electronic working practices and internet access. In order

to improve the reporting and investigative process, action was put in hand to create a central Departmental reporting cell managed by Defence Police Authorities and the DFAU. When fully operational, this will provide a 'one stop shop' for the reporting of all suspicions and rapid allocation of cases to the appropriate investigative authority. Concomitant with this, the Departmental policy of zero tolerance regarding fraud, theft and irregularity received fresh endorsement by PUS and CDS. This will be promulgated to all TLB holders, Command/Civil Secretaries and Agency Chief Executives.

Bill Payment

The table below shows the targets and performance achieved in settling bills relating to Defence.

Table 32: Bill Paying Performance — Proportion of Bills Settled within Thirty Calendar Days

	2005-06		2004-05	
	Target	Achieved	Target	Achieved
Defence Bills Agency	99.9% (within 11 days)	99.99% 5,621,028 invoices representing £20.18Bn	9.98% (within 11 days)	99.98%
ABRO	100%	96% 70,959 invoices representing £74.2M	100%	96.00%
Defence Aviation Repair Agency	100%	96.38% 14,922 invoices representing £165.4M	100%	95.41%
Defence Science and Technology Laboratory	98.00%	98.4% 36,742 invoices representing £238.5M	98.00%	98.30%
Met Office	99.00%	99.48% 12,689 invoices representing £57.909M	99.00%	98.73%
UK Hydrographic Office	100%	98.8% 12,998 invoices representing £48.64M	100%	98.70%

¹DBA's target is to pay 99.98% of correctly presented bills within 11 calendar days of receipt as part of the Department's 30 day payment target.

Open Government

In the first year of full operation of the Freedom of Information (FOI) Act, MoD received significantly more requests for information than any other central government department. This inevitably presented some challenges, but the preparatory programme of work to raise awareness and establish effective operating procedures helped to ensure that staff were ready to cope with the demand. Requests were logged and managed using the Access to Information Toolkit, which has now rolled out to some 1,000 users. While there is room for improvement, the analysis of performance shows that in 2005 over three-quarters of requests were answered within 20 working days (see Note 1 to Table 33) and that it was necessary to refuse information in reply to only 16% of requests. The key statistics in Table 33 are drawn from a comprehensive summary published by the Department for Constitutional Affairs (www.foi.gov.uk/reference/StatisticsAndReports.htm), which allows MoD's performance to be compared in detail with that of other government departments. To provide an immediate comparison, the final column of Table 33 provides the average statistics in relation to timeliness and openness for all Departments of State.

Category	MoD Performance	Average for Government Departments
Number of requests received	4,604	
Of these –		
% of requests answered within 20 working days	77% (1)	70%
% of requests answered 'in time' (2)	83%	81%
% of requests that were late	17%	19%
Total 'resolvable requests' (3)	4,094	
Of these –		
% of resolvable requests where information was granted in full	71%	60%
% of resolvable requests where information was withheld in full	16%	21%

Notes:

(1) The 2004-05 report (paragraph 169) said that in the first 3 months of 2005, 81% of requests had been answered within 20 working days. The correct statistic for the period is 71%; the figure of 81% relates to requests answered 'in time' (see Note (2))

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

(3) 'Resolvable requests' are all those where it was possible to provide a substantive response. They exclude requests which are lapsed or 'on-hold', where the 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.

Comparative data will be available in the Department for Constitutional Affairs report for the first quarter of 2006, but Table 34 provides a summary of MoD performance in this period.

Table 34: Requests for information under the Freedom of Information Act from January to March 2006

Category

Number of requests received	905
Of these –	
% of requests answered within 20 working days	77%
% of requests answered 'in time' (1)	81%
% of requests that were late	18%
Total 'resolvable requests' (2)	803
Of these –	
% of resolvable requests where information was granted in full	69%
% of resolvable requests where information was withheld in full	11%

Notes

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

(2) 'Resolvable requests' are all those where it was possible to provide a substantive response. They exclude requests which are lapsed or 'on-hold', where the 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.

In the final months of 2004 and during 2005, about 1,200 staff attended a 2-day FOI course developed specifically for MoD. Reflecting the growing FOI knowledge and experience within business areas, this basic training has now been reshaped into a one day course. In addition, targeted events continue to be arranged to address specific training requirements. This included seminars held in London and Bristol in December 2005 to raise awareness of the responsibilities of senior managers. Work to develop MoD's Publication Scheme also continued. A number of new Classes of Information have been added and the Publication Scheme was re-launched in January 2006 on MoD's new-look FOI website.

Further progress has been made in re-establishing access to the information contained in records affected by asbestos contamination in the basement of the Old War Office Building. In early 2005, a pilot project was carried out during which various working practices were tested as a prelude to the initiation of a full scale project. The full project to scan the affected files commenced in December 2005. Following successful scanning, the original files will be destroyed in accordance with health and safety regulations. It is anticipated that the scanning project will last about eighteen months from commencement of the contract. During the project, there will be the opportunity to access data required for business purposes when necessary, including outstanding FOI requests.

The routine review and transfer of records to The National Archives (TNA) has continued. 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. During 2005, a programme of re-review released more than 4,600 such files to general access.

Ministerial Correspondence

Table 35 shows Departmental and agency performance in replying to correspondence from Members of Parliament, Members of Devolved Legislatures, Members of the European Parliament and Peers during 2005-06.

Table 35: Ministry of Defence Ministers and Agency Chief Executives' Performance in Replying to Ministerial Correspondence

	Target set for despatch (working days)	Number of letters received for answer	Percentage of replies within target
Ministry of Defence (excluding Defence Agencies)	15	5,583	80
Defence Agencies			
ABRO	15	1	100
Armed Forces Personnel Administration Agency	15	201	99
Army Training and Recruiting Agency	15	–	–
British Forces Post Office	15	–	–
Defence Analytical Services Agency	15	–	–
Defence Aviation Repair Agency	15	–	–
Defence Bills Agency	10	–	–
Defence Communication Services Agency	15	–	–
Defence Dental Services	15	–	–
Defence Estates	15	2	100
Defence Medical Education and Training Agency	15	–	–
Defence Procurement Agency	15	–	–
Defence Science and Technology Laboratory	15	–	–
Defence Storage and Distribution Agency	15	2	100
Defence Transport and Movements Agency	15	–	–
Defence Vetting Agency	7	4	100
Disposal Services Agency	15	1	0
Duke of York's Royal Military School	15	–	–
Ministry of Defence Police	15	–	–
Naval Recruiting and Training Agency	15	–	–
Pay and Personnel Agency	10	2	100
RAF Training Group Defence Agency	15	–	–
Service Children's Education	15	–	–
The Met Office	15	6	100
UK Hydrographic Office	15	–	–
Veterans Agency	15	199	98

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 Apr 2005 and 31 March 2006

Activity	TLB	Individual Sponsors	Company Contribution £ VAT EX
Royal Naval Presentation Team	Fleet	Jaguar	25,532
Yeovilton Runway		Team South West Racing	50,000
RNAS Culdrose Air Days		Lockheed Martin	19,500
Yeovilton Air Day		Rolls Royce	12,500
		Westlands Helicopters	18,200
		Aerosystems	5,700
Trafalgar 200	2SL	Lockheed Martin	114,500
		BP Shipping Ltd	100,000
		Augusta Westland	213,500
		BAE Systems	300,000
		EDS	250,000
		History Channel	25,000
		Kellogg, Brown & Root	100,000
		Lloyds Register	10,000
		London Development Agency	100,000
		NAAFI	11,500
		P&O Nedlloyd	50,000
		P&O	100,000
		Rolls Royce Marine	350,000
		Serco Denham	39,500
		Thales	258,500
	The Drapers Company	5,000	
	Vosper Thornycroft	100,000	
	Vosper Thornycroft Education & Skills	15,000	
Army School of Physical Training	AG	Technogym	10,000
Blue Eagles		Breitling UK	21,500
		Special Event Services	30,000
		GM UK (SAAB)	15,000
		EDS	25,000
White Helmets		Paradigm Services	6,000
	LF Harris International	10,000	
	Willow Financial Consultants	5,000	
Royal Regiment of Wales Regimental Promotion	Land	Brains Brewery	15,000
Exercise Cambrian Patrol		Red Bull	14,000
The Rheindahlen & Elmpt Bulletin		Mitsubishi Motors Bruggen	16,121
Exercise Rhino Caterer 04		ESS Support Services Worldwide	10,000
Exercise Spartan Hike		NAAFI	5,000
RAF Aerobatic Display Team	PTC	BAE Systems	25,690
		Breitling	12,265
		Total/Fina/Elf	5,315
		BP Air	18,000
RAF Hercules Display Team	STC	Land Rover UK	11,328
RAF Typhoon Display Team		BAE Systems	5,178
Demonstration And Shake-down	DLO	Babcock Naval Services	7,500
Operation programme		Industrial Marine Engineering Services Ltd	5,000
		Mass Consultants Ltd	5,000
WWII 60th Anniversary Commemorations	Centre	Newsdesk Publications	20,000
		Cobra Beer	15,000
DESO Symposium		Barclays Capital	13,500
		Newsdesk	40,000
TOTAL			2,640,329

Advertising

Royal Navy Advertising and Public Relations expenditure for 2005-06 was £9.7M, including some £0.4M spent in relation to Trafalgar 200. The Army Recruiting Group marketing and advertising spend in 2005-06, for both the Regular and Territorial Army, was £38.4M (£33.5M in 2004-05¹). This encompasses television and press advertising, the production of DVDs, leaflets, pamphlets and brochures as well as overarching production and design costs. The total RAF marketing spend for 2005-06 was £7.6M, including £2.0M spent on advertising. Marketing and advertising undertaken included a national TV campaign supported by radio, press and online advertising, response handling, youth sports sponsorships, exhibitions and events, educational programmes, recruiting publications and films, the RAF Careers website, customer relationship marketing, promotional items and marketing research.

Better Regulation

There is currently one piece of MoD sponsored legislation being considered by Parliament: The Armed Forces Bill (see page 90). In addition, the Armed Forces Bill (Parliamentary Approval for Participation in Armed Conflict) and Pardon for Soldiers of the Great War Bill, which are neither supported by the Department nor supported by the Government, are also being considered by Parliament. The Department held 13 public consultations in the past year; 12 of these were performed by Defence Estates, and the other by the Met Office. A Regulatory Impact Assessment regarding Surface Warship Support was performed, and is published on www.mod.uk.

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 the Table 37 also helps meet these requirements. The Department's recruitment figures for 2005-06 are at paragraph 296 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 in the last 12 months; it includes details of the number of individuals who were appointed, their background and their appointment circumstances. The MoD is required to recruit under various Government initiatives such as New Deal. This scheme was introduced to give long term unemployed people the opportunity to be able to apply for a job without the minimum qualifications. New Deal campaigns are run for New Deal candidates only. The MoD also operates a Guaranteed Interview Scheme for disabled people: applicants with a disability who apply for a vacancy in the Department have the opportunity to declare their disability on their application form, providing they meet the minimum entry requirements, they are able to claim a Guaranteed Interview. All permanent recruitment campaigns are subject to fair and open competition; exceptions to this are short term casual staff who will not be eligible to apply for a permanent post or be established in their temporary role. Exceptions also apply to individuals with specialist knowledge of PPP/PFI, which the Department needs.

¹ Due to an error, the Army's 2004-05 advertising spend mistakenly quoted the whole of Headquarters Recruiting Group's budget. The figure for 2004-05 should have read £33.452M.

Table 37: Civilian Recruitment[1]

	2005-06		2004-05		2003-04	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Appointments of less than 12 months in respect of those posts specified in Annex A of the CSCRC.	0	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). [2]	28	2	28	3	21	1
Recurrent short term appointments.	2	27	31	60	21	40
Short term appointments where highly specialised skills are required. [3]	10	0	16	0	4	0
Appointments under Government programmes to assist the long term unemployed. [4]	0	0	1	0	5	0
Secondments. [5]	6	0	4	0	20	1
Extensions to secondments (with reasons). [6]	3	0	4	0	1	0
Re-appointments of former civil servants.	35	4	95	28	110	11
Transfers of staff with their work (not under Transfer of Undertakings Protection of Employment).	2	3	20	1	28	3
Transfers of staff from other public services without work (excluding public bodies staffed exclusively by civil servants). [7]	2	0	78	0	95	0
Appointments of surplus acceptable candidates to shortage posts.	3	0	3	0	7	0
Appointments of disabled candidates under modified selection arrangements.	3	1	11	2	9	1
Supported employment appointments.	0	0	3	0	0	3
Number of exceptions reserved for the Commissioners' use.	0	0	0	1	0	0
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:

[1] Figures for all years exclude Locally Employed Civilians and Royal Fleet Auxiliary. Figures for 2004/05 do not include ABRO. The exception categories reflect the information required to be published in the revised Civil Service Commissioners' Recruitment Code. Historical data is provided where possible.

[2] 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.

[3] 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.

[4] 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.

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

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

[7] Figures for 2003/04 include 82 MDP Police officers transferred from Home Office Police Forces. Figures for 2004/05 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 2005, and the list below includes information for the end of the financial year, 31 March 2006. 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 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 logistics 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 and joint organisations, for example the RAF's Typhoon and assets that will belong to the Joint Helicopter Command.

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				
C Vehicle PFI	Commercial provision of 'C' Class vehicles	702	2006	n/a
Panther Command and Liaison Vehicle	Protected tactical mobile command vehicle	201	2007	401
Terrier	Armoured earthmoving vehicle	296	2008	65
Trojan and Titan	Armoured engineering vehicles	336	2006	66
Light Forces Anti-Tank Guided Weapon System	Anti-armour firepower system	305	2005	378
Next Generation Light Anti-armour Weapon	Short range anti-armour weapon	314	2007	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	4851 Cargo 288 Recovery 69 Trailers
Theatre Airspace				
Beyond Visual Range Air-to-Air Missile (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

Precision Attack

The Precision Attack area covers the above-water and under-water battlespaces, and deep target attack. It contains programmes ranging from Paveway IV (a precision guided bomb) to nuclear submarines 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.

Table 39: Capability Manager Battlespace Manoeuvre 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	5,997	2009	6
Under-Water Effect				
Astute Class Submarine	Attack submarine	3,652	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
Precision Guided Bomb (PGB)	Air-launched munition	341	2007	2303

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 in 2006.

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 40: Capability Manager Information Superiority Equipment Programme

Post Main Gate Projects				
Equipment	Description	Current Forecast Cost (£millions)	Current Forecast ISD	Quantity Required Current
Command, Control and Information Infrastructure				
Bowman	Tactical voice and data communications	2,014	2004	43,000 radios
Common Battlefield Application Toolset, Infrastructure and armoured Platform Battlefield Information System Application	Bowman related hardware and software systems	339	2005	Not applicable

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

We supported the work of the **European Defence Agency** across a range of projects and initiatives on the Agency's armaments and industry/market workstrands. We played a pivotal role in EU Defence Ministers' agreement in November 2005 to the introduction of the Code of Conduct on Defence Procurement, designed to increase the transparency of European defence equipment acquisition. In December 2005 the **European Commission** issued a communication on the findings from its Green Paper on Defence Procurement. Its proposals for an Interpretive Communication and a Defence Directive were scrutinised by Defence and other Government Departments' officials. We agreed that the Government would work with the Commission while ensuring that UK interests are protected. These initiatives were scrutinised by the House of Lords European Scrutiny Committee.

OCCAR (Organisation Conjoint de Coopération en matiers d'Armement)

We continue to play a strong role in ensuring that OCCAR meets its corporate and programme targets in managing collaborative equipment programmes. We placed particular emphasis on the effectiveness and application of financial management and risk management processes and practices. On OCCAR managed programmes, the

first engine tests were successfully run on the A400M programme; further deliveries of the COBRA (Counter-Battery Radar) system were made to the British Army; and two firings were successfully undertaken on the Principal Anti-air Missile System programme.

Letter of Intent (LoI) Framework Agreement

As part of the six nation LoI focus on recognising European industry's efforts to restructure, we worked closely with partners to remove barriers to industrial and equipment co-operation. Achievements included agreement on guidelines on levy waivers between LoI nations, and a declaration facilitating the transit of military goods from one LoI nation to another through the territory of a third. We continued to pursue assimilation of appropriate LoI outputs into the European Defence Agency.

United States of America

Through a number of fora, including the **Bilateral Defence Acquisition Committee**, we worked closely with the US Departments of Defense and State to press for the improved information and technology exchange essential on a number of programmes. Minister (DP) emphasised to the Senate Armed Services Committee in March 2006 the importance of sharing information and technology, particularly for UK operational sovereignty for the Joint Strike Fighter.

Collaborative Equipment Programmes

We continued to make progress across the wide range of collaborative equipment programmes. In particular, while we have not entered into a full collaborative programme with France to align our requirements for future aircraft carriers, we have agreed to share our current design as a potential basis for France's future carrier. France will make payments in respect of UK's investment in the project to date and share the further costs during 2006. Opportunities for shared procurements will also be explored. A Memorandum of Understanding between the two countries was signed in March 2006, and a number of French Government, navy and industry members are now located in Bristol with the UK's Aircraft Carrier Alliance.

Annex H

NON DEPARTMENTAL PUBLIC BODIES

The Department sponsors six executive and twelve advisory Non-Departmental Public Bodies (NDPBs), a Public Corporation and an Independent Monitoring Board. Discussion is ongoing regarding the classification of a couple of other bodies with links to the department. A brief description of the Executive NDPBs is set out below. Details of their funding from the Defence Budget and total gross expenditure can be found at Note 32 to the Departmental Resource Accounts on page 241. 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 Department's Executive NDPBs are all museums with charitable status, which retain close links with the Armed Forces. The Financial Memorandum setting out the arrangement between the Department and these bodies on the conditions governing payment and expenditure of the Grants in Aid made by the MoD is in the process of being revised. In addition, following a review of the Executive NDPBs by the MoD's internal audit team, it is intended to draw up a Memorandum of Understanding clarifying the relationship between the department, the sponsor branches and the museums; and reflecting their independent status under charity law.

All the museums contributed to the successful World War Two 60th Anniversary celebrations in St James's Park in July, which attracted over 85,000 visitors. In addition:

- The Fleet Air Arm Museum continued to develop its relationship with the Defence and aerospace industries and the educational community, to encourage young people to consider careers either in engineering and/or the services. The finals of "Flying Start Challenge" were held at the museum for the third year running, and there was a major presence in the "Imagineering" marquee at the Royal Bath and West Show. The 1944 Chance Vought Corsair was returned to display after three years detailed forensic investigation and restoration, gaining international recognition for the archaeological attention to detail;
- The Royal Naval Museum attracted 264,000 visitors in 2005, a 17% increase on 2004, plus a further 10,000 visitors during the International Festival of the Sea. A three year online project was launched to give access to 15,000 items from the museum's collections;
- The Royal Navy Submarine Museum opened a new exhibit area;

- For the fifth year running, the Royal Marines Museum was awarded Quality Assured Visitor Attraction Status by Visit Britain. A special exhibition linked to Trafalgar 200 helped attract more visitors to the main site, and a new outstation at the RM Commando Training Centre in Devon raised total visitor numbers;
- The National Army Museum made a number of changes to improve access to its collections in line with government policy, including further measures for compliance with the Disability Discrimination Act. Examples include completion of a "kidszone" gallery providing educational opportunities for the younger audience and installation of a new state of the art lighting system. In association with the Discovery Channel a new exhibition on battlefield archaeology was opened displaying items recovered from First World War;
- The RAF Museum completed a new Air Cadets exhibition at Hendon. A major expansion of the Cosford site is currently underway with the construction of a new Cold War Exhibition. The museum launched a Modern Apprenticeship Scheme for historic aircraft maintenance at Cosford, including training provided by the Defence College of Aeronautical Engineering.

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 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 Corporation and Independent Monitoring Board 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. Paragraphs 283-284 and 294-295 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 below. 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. We are also participating in a mentoring programme focused on the Hindu, Muslim and Sikh communities being run by the Department for Work and Pensions.

Within the overriding principle of selection based on merit, we aim to raise the representation of women, people from ethnic minority groups and disabled people within our public appointments to MoD NDPBs, Public Corporation and Independent Monitoring Board in line with the Government's long-term objectives of equal representation of men and women, pro-rata representation of people from ethnic minority groups and the increased participation of disabled people. We also promote the benefits of diversity within their membership. Our public appointment diversity targets for the next three years are shown below.

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

		2005-06	2007	2008	2009
Women	Target	30%	32%	35%	35%
	Achieved	18%			
Ethnic minorities	Target	3.5%	3.5%	4%	4.5%
	Achieved	0.5%			
Disabled people	Target	15%	5.5%	5.5%	6%
	Achieved	5.2%			

The future targets for both women and ethnic minorities are related to the overall Departmental Diversity Targets set out in Table 26 on page 145. The future targets for disabled people in our public appointments have been reduced to a more realistic figure than the 15% for the period of this Annual Report, since on the anticipated future recruitment and reappointment figures of just under 16% of the total number of appointees per year; the target of 15% is unrealistic and unachievable.