

Enabling Processes

Personnel Management

Essay – Defence and National Skills

Health and Safety

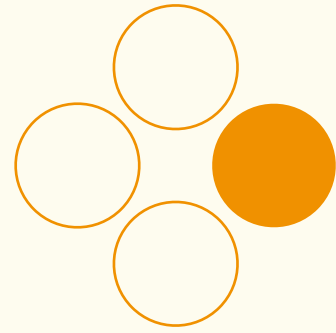
Essay – Duty of Care and Welfare in Initial Training

Logistics

Essay – Supplying Operations

Business Management

Essay – The Capability Review



Personnel Management

Objective: Manage and Invest in our people to give their best.

Public Service Agreement Target (SR2004 MoD Target 5)

Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives and achieve manning balance in each of the three Services by 1 April 2008.

Assessment and Performance Measures

Assessment: The continuing high operational tempo has meant that the Army and the Royal Air Force did not meet individual or unit harmony guidelines. There were further improvements in providing for the welfare of young recruits, a continuing effort to improve Basic Skills, and significant progress with major military training rationalisation. Service personnel career satisfaction remained broadly constant. Work continued to improve Civil Servants' management and leadership skills. Civilian staff satisfaction levels fell over the year, but remained high overall.

Harmony – No more than 660 days of Separated Service for RN personnel over a rolling 3 year period; Fleet units to spend a maximum of 60% time deployed in a 3 year cycle:

- Fewer than 1% of Royal Navy personnel exceeding the separated service guideline;
- The Royal Navy continued broadly to meet tour interval guidelines.

Harmony – No more than 415 days separated service for Army personnel over a rolling 30 month period; 24 month average interval between unit tours:

- 13.4% of Army personnel exceeding the separated service guideline;
- Infantry average tour interval of 21.0 months (20.6 in 2005-06); Royal Artillery 20.7 months (19.0 in 2005-06); Royal Engineers 21.2 months (31 in 2005-06); Royal Signals 18.4 months (27.6 in 2005-06); Royal Logistic Corps 23.3 months (23.7 in 2005-06).

Harmony – No more than 2.5% of RAF personnel to exceed 140 days separated service over a rolling 24 month period; unit tour intervals to be no less than 16 months:

- 6.2% of RAF personnel exceeding the separated service guideline;
- RAF Regiment Field Squadrons average tour intervals around 10.5 months (12 months 2005-06); Air Combat and Service Support units also breaching guidelines; Nimrod, Air Transport and Air-to-Air Refuelling squadrons heavily tasked.

Individual Personnel Development – Basic Skills: New entrants below national Level 2 for adult literacy and/or numeracy to be screened and assessed; All new entrants below Entry Level 3 in literacy and numeracy to achieve this before starting phase 2 training; All new entrants to achieve national Level 1 standard:

- All new entrants without Level 2 literacy or numeracy qualifications assessed;
- All Royal Navy and Royal Marine recruits below Level 1 standard receive remedial training. Virtually all recruits undertake apprenticeship schemes delivering at least level 1 qualifications;
- Entry Level 3 and Levels 1 and 2 in the Army not yet measured. Operational commitments constraining ability to release soldiers for remedial training. Army is establishing Basic Skills tutors and improving links with Further Education providers to supply local support and training;
- All RAF recruits required to have at least Level 1 qualifications. 90% of those joining go on to undertake Apprenticeship or advanced Apprenticeship.

Career Satisfaction – 5% improvement in overall satisfaction levels for Service Personnel:

- 65% of Royal Navy personnel, (63% 2005-06), 70% of Army Officers and 57% of Soldiers (73%/56% 2005-06), and 63% of RAF Officers and 56% Other Ranks (65%/55% 2005-06) were satisfied or very satisfied with Service life.

Career Satisfaction – Maintain 70% career satisfaction rate for civilians:

- Average civilian satisfaction of 68% in 2006-07 (71% 2005-06);
- 65% on average satisfied with MoD as an employer (77% 2005-06);

213. We ask a great deal of our people. Managing them well embraces a range of activities including recruitment, initial and career training, and career planning, particularly for Service personnel in relation to the time between operational tours. If they are to deliver what is required, we need to give them the necessary skills to do the job, provide a career path and listen to their views and act accordingly.

Service Pay and Conditions

Operational Welfare Package

214. The welfare of Service personnel is of the highest priority, reflecting the direct link between morale and operational capability. Through the Operational Welfare Package the Department provides support to personnel to safeguard their emotional and physical well-being as far as the operational environment, technical constraints and the availability of resources permit. Wherever possible they receive 30 minutes of free telephone calls per week to anywhere in the world; free e-mail and internet access; a free Forces Aerogramme letter and electronic letter service, a subsidised postal packet service (free in the run up to Christmas); access to televisions, radios, DVD players and video gaming machines; British Forces Broadcasting Service television and radio transmissions; books, newspapers, magazines and board games; Combined Services Entertainment live shows and celebrity visits; rest and recuperation; showers and a laundry; the provision of basic shop facilities; a Christmas box; financial assistance to home units to assist with families' welfare; concessionary families' travel; and Post Deployment Leave. The nature of some operations in Iraq and Afghanistan means that personnel are often deployed to a forward operating base where facilities are necessarily more basic, but even there the Department provides a minimum of IRIDIUM satellite telephones and TEXTLINK e-mail/SMS messaging terminals. Key improvements to the package during 2006-07 included a 50% increase in the welfare telephone allowance from 20 to 30 minutes per week and a 700% increase in welfare internet connection speeds. Work continues to replace and upgrade all internet machines and infrastructure at main bases occupied by UK forces in Iraq; increase the number of welfare telephones available by 20% and the number of welfare internet terminals by 50%; and trial Wi-fi by the NAAFI and SSVC.

Harmony Guidelines

215. Each Service also sets guidelines for the maximum time Service personnel should spend away from their families (known as individual separated service), and the minimum time that units should have between operational deployments (known as tour intervals). These differ to reflect the nature of specific single Service skills sets and the way they deploy on operations. They are based on the routine level of concurrency that the Armed Forces are resourced and structured to sustain (see paragraphs 42-43 under *Current Operations*). Since they have been operating at or above this level since 2002 this has inevitably constrained their ability to meet harmony guidelines, particularly for personnel in certain pinch point specialist trades required for almost every operation. This is monitored carefully.

Unit Harmony

216. All three Services breached their unit harmony guidelines during the year, with the Army most and the Royal Navy least affected;

- The Royal Navy continued broadly to meet its unit tour interval harmony guidelines;
- Tour intervals for certain Army units continue to exceed the guideline of a 24-month average interval between tours. Over the year the average position improved slightly for most units, falling in the summer of 2006 before improving over the autumn and winter. The average tour interval for Infantry units in 2006-07 was 21 months (20.6 months in 2005-06) within a range from twelve to 37 months, with the Armoured Infantry most likely to be below the target interval. Where possible and appropriate the Army continued to use other Arms in their secondary role as Infantry to relieve the pressure. Average tour intervals in 2006-07 for Royal Armoured Corps, Royal Artillery, Royal Engineer, Royal Signals and Royal Logistic Corp units were respectively 28.6 months (24 months in 2005-06); 20.7 months (19 months in 2005-06); 21.2 months (31 months in 2005-06); 18.4 months (27.6 in 2005-06); and 23.3 months (23.7 in 2005-06). Some specialist units, particularly in Combat Service Support pinch point trades had shorter tour intervals;

- Against a guideline of 16 months, RAF Regiment Field Squadrons had tour intervals of around 10.5 months (around twelve months in 2005-06). While not generally breaking harmony guidelines, some fast jet squadrons were close to the boundary. The Nimrod, Air Transport and Air-Air Refuelling Squadrons remained heavily tasked, but this cannot be quantified in terms of the unit tour interval because the units remained UK-based while their aircraft and personnel deployed in and out of theatre as required. Air Combat and Service Support units also breached the guidelines, as did many other personnel deployed in support of formed units.



Air-Air refuelling squadrons are heavily tasked

Individual Separated Service

217. The Joint Personnel Administration system was introduced across all three Services in 2006-07. This collates separated service records for every individual on a consistent basis for the first time. However, while the data is immature and the system beds in, all figures are provisional. Subject to that caveat, all three Services breached their guidelines for the length of time individuals were away from home to some degree, with the Army the most and the Royal Navy least affected. There were greater shortfalls in identified pinch point trades in all three Services (see paragraphs 299-300 under *Manpower*):

- Although some individuals were approaching the threshold by the end of the year, fewer than 1% of Royal Navy personnel overall breached the guideline of no more than 660 days over a three-year rolling period;
- 13.4% of Army personnel were exceeding the guidelines of no more than 415 days separated service in any 30 month rolling period (a fall from 14.5% in 2005-06);
- 6.2% of Royal Air Force personnel breached the guideline of no more than 140 days detached duty in 12 months (4.6% in 2005-06).

Service Personnel Development

218. The Department introduced a new policy on the management of training to make training and education more coherent and effective. This is intended to ensure that there are clearly identified responsibilities and accountabilities; provide for better use of resources; improve assurance that training meets the operational and business needs; and ensure that the Department meets its duty of care responsibilities for inexperienced trainees. The training provided to Service personnel, whether basic or more advanced, also contributes towards the Government's wider skills objectives (see paragraph 105 under *Wider Government*).

Duty of Care and Welfare

219. The Department and the Armed Forces are responsible for ensuring the wellbeing and safety of all Service personnel. Following the Blake Report in March 2006 a substantial number of measures to improve the way young Service personnel are looked after have been taken forward, and building on existing work, some £73M more has been invested. A "Train the Trainer" package has been developed to be delivered to all new instructors before they take up their duties in the training environment, including modules on instructional technique, coaching and motivation, and the care of trainees. Instructional staff will be trained at the new Army Staff Leadership School at Alexander Barracks near Woking, which opened in June 2007. This will provide professional mentoring, counselling and teacher training skills to trainers, particularly those who work with new recruits. As part of improvements to care for trainees in initial training establishments, revised policies were endorsed to bring consistency to remedial training, improve weapon security, and minimise and clarify the use of trainees as armed guards. Additional Military Provost Guard Service

posts were also established to reduce the requirement for routine armed guarding by recruits. The training environment and programme were improved to reduce risks to trainees and improve support to all Service personnel. With particular reference to young trainees over 100 extra supervisory posts (nine Navy and 93 Army) have been established to support the implementation of the revised supervisory care policy, and the High Energy Training Supplement for all recruits in Phase 1 training has also been upgraded. (Further information can be found in the essay on *Duty of Care and Welfare* on page 135). Most of the actions arising from the Blake Report and previous reports have now been completed or are nearing completion. Measures to ensure that junior soldiers will be trained in an environment tailored to their needs are also being implemented, addressing a key recommendation within the Report. The Department is committed to maintaining the improvements achieved and addressing areas where performance can be further improved. Mechanisms have been put in place to ensure this happens, including internal monitoring by the Defence Individual Training Capability Team and external inspection by an enlarged OFSTED inspectorate incorporating the Adult Learning Institution.



Army Staff Leadership School

Basic Skills – Literacy & Numeracy

220. During 2006-07 the Department strengthened links with the Learning and Skills Council to improve support to young Service personnel, in particular to help those with poor literacy and numeracy. A new Basic Skills Policy for the Armed Services was endorsed which provides for early identification and systematic support to such personnel. This was reinforced by a new policy on Defence Specific Learning Difficulties, with which poor Basic Skills are often associated. All new entrants to the Armed Services without formal Level 2 literacy or numeracy qualifications¹ were assessed during 2006-07. Screening ensures that those individuals whose ability levels put them at most risk

¹ A Level 2 qualification is the normal educational standard expected to enter into skilled employment and is equivalent to GCSE (Grade A-C).

are not taken into training until they have adequately improved their basic skills. All new entrants assessed as below Entry Level 3 literacy and numeracy (the level expected of an eleven year old) should achieve this before starting phase 2 training. All new entrants below Level 1 literacy and numeracy qualifications² are expected to achieve this within three years of joining, and Level 2 qualifications within a further five years or as required for career progression:

- All Royal Navy and Royal Marine recruits below Level 1 standard receive remedial training, and virtually all recruits undertake apprenticeship schemes that deliver at least Level 1 qualifications;
- Poor Basic Skills are a particular issue for the Army, which estimates that out of about 13,000 recruits a year, about 1,100 have only reached Entry Level 2 literacy and numeracy skills (those expected of a 7 year old) and a further 3,200 Entry Level 3. The Army is therefore establishing Basic Skills tutors and improving links with Further Education providers to supply local support and training for those with weak literacy and numeracy skills. Achievement of Entry Level 3 and Levels 1 and 2 in the Army has not yet been measured. Heavy operational commitments are constraining the ability of units to release soldiers for remedial Basic Skills training, but provision for this in operational theatres has improved;
- All Royal Air Force recruits are required to have Level 1 qualifications on joining, and 90% go on to undertake an apprenticeship or an advanced apprenticeship.

All three Services also provide assessment and training for those already serving with identified needs.

Basic Skills – Information and Communication Technology

221. Both operational and business success increasingly require: the availability and management of information; rapid communication over networks; and computer users with the necessary competencies. These comprise the three dimensions of a Network Enabled Capability (see paragraph 136 under *Future Effects*). The Department has invested heavily in the technology required to deliver this capability. Military personnel must therefore have a minimum level of proficiency suited to their role to operate a computer, and to input or access information and information services. The Department is therefore developing a policy on computer users' training, testing and accreditation. Personnel are categorised

² Level 1 qualifications are equivalent to GCSE (Grades D-G).

as either basic, standard or advanced. The basic skill level is the minimum all personnel need to be able to use mandatory systems such as the Defence Information Infrastructure and the Joint Personnel Administration system from time to time. The standard skill level is the minimum competency required for regular computer users, with the British Computer Society's European Computer Driving Licence and its associated Level 2 Certificate for IT Users as proof of competency. The advanced skill level is for specialist Information System roles. The policy for occasional and regular users should be fully implemented for new entrants by September 2008, with all military and civilian personnel compliant by 2012. Significant progress towards full implementation has already been achieved. During 2006-07 over 99% of recruits to the Royal Navy, Royal Marines and Royal Air Force achieved the Standard Skill Level qualification, and all Army recruits were trained to the requisite level as occasional users.

Individual Military Training

222. In order to spread best practice and to ensure high quality and consistency across the Armed Forces, there are specific training policies for the eight Common Military Skills subjects³. These are common to at least two of the Services and require initial and continued training for the majority of personnel regardless of their career specialisation. The skills, knowledge and attitudes developed during this training are fundamental, and are particularly pertinent on deployed operations. Harmonising these requirements has facilitated their being more efficiently delivered. During 2006-07 the Defence Language Training Policy was also updated to include Cultural Awareness. This is now covered in detail in all pre-deployment training, tailored to the specific theatre of operation.



Recruits at a Weapons/Skill at Arms lesson

³ Chemical, Biological, Radiological and Nuclear Defence; Equality and Diversity; First Aid; Personal Weapons Handling and Shooting; Physical Development (including physical education, adventurous training and sport); Security; Avoiding Substance Misuse; and the Law of Armed Conflict.

Training Efficiency and Rationalisation

223. The Department is taking forward two major training modernisation, efficiency and rationalisation programmes designed to provide better, more cost effective long term specialist military training:

- The Defence Training Review will provide more cost-effective training and improved accommodation and facilities using best practice learning techniques in newly created national centres of excellence for each specialism. By harmonising training currently delivered by the Services individually it will also rationalise and improve the quality and efficiency of the training estate (see paragraph 328 under *Estate*) without reducing supervisory care at training establishments. Rationalisation is planned to be completed in 2012, and the whole programme is expected to produce benefits of approximately £2Bn over a 25 year period. It comprises two packages. Package One covers; Aeronautical Engineering; Communications and Information Systems; and Electro-Mechanical Engineering. Package Two covers Logistics; Joint Police and Personnel Administration; and Security, Languages, Intelligence and Photography. Following a robust and detailed evaluation of the Bidders' proposals in response to the Invitation To Negotiate, it was announced in January 2007 that Metrix was selected as the Preferred Bidder for Package One and Provisional Preferred Bidder for Package Two. Since then work has focused on examining whether Package Two can be made affordable through developing synergies and efficiencies in a Whole Programme Solution while still protecting the original terms of the procurement. Good progress has been made in negotiations with Metrix but it is not yet clear whether such a solution is affordable and deliverable. The results are likely to be announced later in 2007.
- The UK Military Flying Training System programme is working to replace the present flying training arrangements for the Royal Air Force, Fleet Air Arm and Army Air Corps with a single tri-Service military flying training system to train fast jet, helicopter and multi-engine aircraft pilots, weapons system operators and rear crew up to the point of their entry into Operational Conversion Units for frontline aircraft. In October 2006 the Department placed a contract with BAES for Hawk 128 Advanced Jet Trainers (see paragraph 162 under *Future Capabilities and Infrastructure*), which will form a key part of the flying training system. In November 2006 the Ascent Consortium (Lockheed Martin and VT Group) was appointed Preferred Bidder for the Training Service Partner, with a view to awarding a contract during 2007. The training system will be

built incrementally to achieve full service provision in 2014, with significant investment over the next six years generating substantial improvements in efficiency and effectiveness from the next decade onwards.



Winch Training Exercise

Civilian Personnel Development

Skills and Development Initiatives

224. The main focus during 2006-07 was to improve further the management and leadership skills of civilian managers, as this is central to improving delivery of defence capability by the Department. A standardised and clear definition of what is expected of managers was developed and appropriate tools, techniques, training and processes are being promulgated during 2007, including 'A Guide to Managing People', designed to help individuals develop themselves to become more effective managers. The majority of this work builds on existing good practice and will be further developed in the future to reflect the findings of the Cabinet Office Capability Review (see the essay on page 147). The Department also developed an enhanced Development Review process for staff, to be launched in 2007. This will give development a higher profile, bring together the currently separate reviews of skills and personal development, improve

performance management arrangements, and help gather more complete data on the skills held by our civilian workforce. Current managers at all levels have a significant role to play in all this, including coaching and mentoring future generations of managers and leaders.

225. In December 2006 the Department launched a Skills Management Information service, building on the Single Skills Framework and the post and personal skills profiles introduced in 2005-06. This service gives skills stakeholders, such as Skills Champions and Personnel Business Partners, the capability to inform future skills planning through structured analysis of the data contained in skills profiles. Analysis of the skills information in the electronic Personal Training and Development Plan introduced for all civilian personnel during 2006 have helped to identify skills gaps which are being addressed.

226. From April 2007 the Department extended to all civilian staff a Career Consultancy Service successfully trialled during 2006-07. This provides impartial career and development support and advice to staff, and helps them search for learning and job opportunities. A voluntary scheme to make mentoring available to all civilians in the Department was also introduced during the year. It is now open to any civilian manager who would like to be a mentor, and to any civil servant in the Department who would like to be mentored as part of their development. The Department also continued to develop its capacity to help civilian support staff improve their literacy and numeracy skills where necessary.

Development Schemes

227. The Department continued to operate a number of internal management development schemes such as MIDIT (Means of Identifying and Developing Internal Talent) for Band C and D staff, the Band B Development Scheme for those assessed as having strong potential to reach the Senior Civil Service, and the Acquisition Leadership and Development Scheme (see paragraph 230). The Department also participated in the Civil Service Fast Stream programme for individuals with the potential for rapid promotion to Band B and subsequent promotion to the Senior Civil Service in due course. At the end of the year a broader look at the operation of all of civilian development schemes across defence was announced as part of a wider review of how talent is managed within the Department. The Department also continued to support personal development programmes such as the Druidstone Prince's Trust community venture and Project Raleigh. It also operated the New Horizons programme to give junior ethnic minority staff the skills and confidence that they need to progress. It is intended to expand this scheme to include other under-represented groups in the future. The Department was heavily

involved during the year with the development and subsequent introduction of the new Cabinet Office Leaders Unlimited scheme aimed at helping under-represented groups reach the Senior Civil Service. Seven individuals were accepted onto the programme following assessment.

228. The Defence Industrial Strategy recognised the need to maintain a strong supply of scientists, engineers and technologists. The Department supports the wider government initiatives set out in the *Science Innovation Investment Framework 2004-2014: next steps*, working with the Department for Trade and Industry,⁴ the Treasury and the Department for Education and Skills.⁵ The 2006 Defence Engineering and Science Group Graduate Scheme recruited 64 graduate engineers and scientists and will be responsible for their personnel management over their two years of Initial Professional Development. Other sponsorship schemes include bursaries and undergraduate sponsorships for students taking engineering and science courses.

Joint Training

Defence Academy

241. The Defence Academy continued to take forward education across the Services and Civil Service, supporting departmental objectives in a number of areas. The launch of the Academy's *Shrivenham Papers* and the continued demand for research and educational products are helping to cement the Academy's reputation within the academic and defence worlds. At the component college level, there were a number of developments during 2006-07. The Royal College of Defence Studies introduced a flexible approach to linking in with the Higher Command and Staff Course to allow attendance on both courses in a single year. The Defence College of Management and Technology is the lead provider of education and training for acquisition and wider defence business and as such support the Defence Acquisition Change Programme. In April 2007 it produced a new publication, *The Guide to Acquisition Training and Education*, to help acquisition staff find the right training course from the over 200 that are available. This was an important step in developing a coherent acquisition training and education curriculum. It also supported a number of other key change programmes, such as the People Programme and the Resource Management Skills Framework. At the Joint Services Command and Staff College the Advanced Command and Staff Course was reorganised on a fully joint, postgraduate basis for members of all the Services, focusing more on Security Sector Reform, International Terrorism, Homeland

⁴ DTI become the Department for Business, Enterprise and Regulatory Reform on 28 June 2007

⁵ DFES become the Department for Children, Schools and Families; and the Department for Innovation, Universities and Skills, on 28 June 2007

Security & Resilience, and Effects Based Operations. The Armed Forces Chaplaincy Centre introduced a number of new initiatives in response to the increased operational tempo. The Advanced Research and Assessment Group continued to introduce new initiatives to keep it at the cutting edge of its subject, enhance its reputation for innovative thinking, and increase its capacity to contribute to policy and syllabus development in the Department and the Academy.

Acquisition Leadership Development Scheme

230. This year membership of the Defence Acquisition Leadership Scheme has risen to 753, including civilian, military and industry members, of whom 508 were alumni members who had completed one or more sections of the course and were eligible to return to continue should they wish to do so. From September 2007 the Acquisition Leadership Development Scheme will merge with the DE&S Management Development Programme to become a new and flexible, leadership development framework. This will take the best developmental elements from both schemes to produce a regular supply of candidates with the leadership capability and skills to compete for and perform strongly in team leader roles across the acquisition community. It will also include an expanded psychometric portfolio, and explore the benefits of executive coaching, short-term interchange and the delivery of developmental projects.

Investors in People

231. Work went forward to prepare for a corporate assessment of the whole Department against the Investors In People standard to begin in June 2007. This will evaluate the effectiveness of the programmes in place to improve organisational performance through the development and leadership of people. Lower level assessments continued throughout the year, with a number of areas gaining or keeping recognition. Evidence from these will support the corporate assessment.

Career Satisfaction

Service Personnel

232. All three Services run continuous attitude surveys to assess and monitor the attitudes of serving personnel. The most recent surveys were undertaken in the Royal Navy in July and August 2006, in the Army between September 2006 and January 2007, and in the Royal Air Force between February and November 2006 (see table 7). Satisfaction with Service life in the Royal Navy increased by 2% overall to 65%. In the Army it decreased for Officers by 3% to 70% and increased

for Soldiers by 1% to 57%. In the RAF satisfaction with Service life decreased by 3% to 62% among Officers but remained stable among Other Ranks at 55%.

Table 7: Percentage of those reported to be satisfied or very satisfied with Service life.

| | 2006-07 | 2005-06 |
|-------------|----------------------------------|----------------------------------|
| RN | 65% (RM 76%) | 63% |
| Army | 70% Officers, 57% Other Ranks | 73% Officers, 56% Other Ranks |
| RAF | 62% Officers, 55% Other Ranks | 65% Officers, 55% Other Ranks |

233. The main sources of satisfaction and dissatisfaction are shown in Tables 8 and 9. These have changed little. Job security, challenge and excitement, responsibility and pensions entitlements dominated the Royal Navy and Army positive retention factors, and enjoyment of life the Royal Air Force's. Negative retention factors continued to reflect the high levels of operational commitment and, for the Royal Air Force, the very substantial drawdown and restructuring programme under way. Reflecting the increasingly joint nature of the military environment, the three Service strands of feedback are being harmonised to enable joint and single Service personnel policy development to be informed by objective and timely analysis of joint attitudinal data, and each Service to understand the specific concerns and needs of its own people. A Tri-Service Attitude Survey was developed during the year and will be conducted later in 2007.

Table 8: Sources of Satisfaction

| | Top indicators in 2006-07 surveys | Top indicators in 2005-06 surveys |
|------------------------|--|--|
| RN + RM | Security of employment (RN 87%, RM 91%) Amount of responsibility (RN 80%, (RM 84%) Accuracy of assessment of appraisal report (76%) Variety of tasks in current role (RM 77%) | Security of employment (86%) Amount of responsibility (78%) Accuracy of assessment of appraisal report (73%) |
| Army | Job security (Officers 79%, Other Ranks 72%) Excitement (Officers 69%) Pension entitlements (Other Ranks 62%) | Job security (Officers 73%, Other Ranks 71%) Challenging job (Officers 71%) Pension entitlements (Other Ranks 61%) |
| RAF | Enjoyment of life in the RAF (86%) Tour length of Operational deployments (81%) Number of days annual leave (71%) Adequacy of training for your Service job (71%) | Enjoyment of life in the RAF (85%) Adequacy of training (over 72%) Leave Allowance (68%) |

Table 9: Sources of Dissatisfaction

| | Top indicators in 2006-07 surveys | Top indicators in 2005-06 surveys |
|------------------------|--|---|
| RN + RM | Current X factor rate of 13% (RN 54%, RM 66%) The quality of equipment (RN 46%) Amount of fun in the Service (RN 41%) The X-factor method of payment meets its objectives (RM 53%) Ability to plan their own long term life (RM 50%) | Current X factor rate of 13% (RN 48%, RM 58%). Amount of fun in the Service (RN 46%) Ability to plan their own long term life (RN 44%) Medical treatment in units (RM 63%) |
| Army | Impact of Army lifestyle on personal and domestic life (Officers 62%, Other Ranks 49%) Effect of operational commitment and overstretch (Officers 59%, Other Ranks 42%) | Impact of Army lifestyle on personal and domestic life (Officers 62%, Other Ranks 47%) Effect of operational commitment and overstretch (Officers 55%, Other Ranks 38%) |
| RAF | Effects of overstretch (85%) and gapping of posts (71%) on the RAF as a whole Effects of civilianisation and contractorisation (73%) Effects of overstretch (63%) and gapping of posts on own working group (53%) | Effects of Overstretch (85%) and gapping of posts (72%) Effects of civilianisation and contractorisation (75%) Impact of change on the RAF (56%) |

234. There were a significant number of Industrial Tribunal applications by part-time members of the Royal Irish Regiment (Home Service) in relation to their non-pensionable status. Redresses of Grievance were lodged with the Army Board by about 1,100 part-time and former part-time members of the Regiment, claiming unequal treatment when compared to full-time colleagues, particularly in relation to the Normalisation Settlement package.

Civilian Personnel

235. The Civilian Attitude Survey provides evidence on the commitment of the civilian workforce to the work of the Department (both intellectually and emotionally), how well civilian staff are managed and whether the changes being implemented through the People Programme are having the intended results:

- Overall, civilian **Engagement** remained positive during the year. The vast majority of civilian staff remained aware of the Department's aims and of how they contributed to them. Marginally under two thirds were satisfied with the MoD as an employer. But although the overall positive response rate remained consistent with previous years, there was a statistically significant reduction in overall satisfaction with the MoD as an employer. It is not yet clear whether this was a one-off result or

the beginning of a trend, and it is being investigated as part of the assessment of the impact of work to strengthen the corporate leadership of the Department and pursue the diversity agenda. Key driver analysis continued to show that satisfaction with MoD as an employer was closely correlated with pride in working for defence, a belief that the MoD as a whole is well managed, a sense of being treated with fairness and respect and a feeling that one's contribution is valued;

- Quality of **Management** is central to employees' engagement with their work. The results of the 2006-07 surveys confirmed those of previous years. Line managers almost universally believed that managing their team was central to their role, that they were encouraged to manage and develop their team and that their performance should, in part, be judged on this. Three quarters of staff reported a trusting relationship with their line manager and a similar proportion believed their line manager was responsive to individuals' needs. Despite that, only around 60% believed their team was well managed, and fewer than half believed their line manager fulfilled their development responsibility and that they received regular and constructive feedback on their performance. Work is in hand to build on line managers' basic commitment in order to achieve a step change in the degree of professionalism they bring to their role, with a series of new materials being rolled out in July 2007. But long term success will require a real cultural change;

Table 10: Civilian Career Satisfaction

| | 2007-06 | 2005-06 ¹ | 2004-05 |
|---|------------|----------------------|------------|
| Considering everything, how satisfied are you with MoD as an employer? | 65% | 77% | 73% |
| Are you aware of the MoD's aims and objectives? | 87% | 73% | 80% |
| How do you rate your understanding of how your job contributes to the MoD's aims and objectives? | 82% | 94% | 90% |
| I have access to the type of training I need to carry out my job properly. | 66% | 83% | 65% |
| My job makes good use of my skills and abilities. | 76% | 70% | 71% |
| I can express my views and ideas and have them taken seriously by Managers. | 71% | 72% | 70% |
| Do you regard MoD as an equal opportunities employer? | 76% | 90% | 89% |
| Individuals who make greater relative contributions towards achieving business outputs should receive a greater financial reward. | 70% | 73% | 74% |
| The MoD's current performance pay arrangements reward better performance | 16% | 22% | 16% |
| The move to introduce a more flexible percentage split for the reward of performance is the right thing to do. | N/A | 54% | 56% |
| Average positive rates for each year² | 68% | 71% | 70% |

Notes

1. 2005-06 results originate from a survey undertaken in Autumn 2006
2. The average positive response rate is based upon questions shown in the table.

- The most far reaching policy and process changes introduced under the **People Programme** relate to matching people to posts. During the year the Department moved to a largely self-service competitive internal recruitment market supplemented by intervention only in limited cases, in order to provide a cost effective means of matching people and their skills to posts. Over 80% of staff believed that competing for jobs in the internal job market should give them the freedom to apply for jobs they are attracted to. Nearly two thirds of managers believed they should have a greater choice from which to select the best candidate (with fewer than 15% disagreeing). Annual performance bonus arrangements remained a challenging issue, as in most large organisations. But even though only 16% of staff supported the current arrangements, 70% endorsed the principle of assessment of relative contributions providing a basis for financial reward. It is not realistic to expect results in this area to be as positive as in others. The Department nevertheless remains committed to delivering a system which staff regard as fair and transparent, and performance bonus arrangements have been overhauled to provide more flexibility and restore bonus decisions to line management wherever possible.

236. The Department is committed to good employee relations. At the April 2007 meeting of the Defence Whitley Council the Combined Council of Civil Service Unions stated that they believed employee relations had reached crisis point and that they were in formal disagreement with the Department. In a message to all civilian staff the Permanent Secretary disagreed that relations were at crisis point, stressed the value the Department attached to the work of all civilian staff in support of defence, and emphasised the Department's commitment to the full Trade Union consultation process.

Further Sources of Information

237 Additional information on Personnel management is available from the following sources:

- Quarterly PSA reports to HM Treasury at www.mod.uk;
- Armed Forces Pay Review Body Report at www.mod.uk;
- Review Body on Senior Salaries at www.mod.uk;
- UK Defence Statistics at www.dasa.mod.uk;
- The Blake Review at www.official-documents.gov.uk;
- The Government's response to the Blake Report at www.mod.uk;
- Defence Academy Shrivenham Papers at www.defac.ac.uk;
- DGCP Civilian and Continuous Attitude Survey Annual Report available at www.mod.uk;
- Continuous Attitude Surveys (CAS): Results for Service Personnel available at www.mod.uk;
- Science Innovation Investment Framework 2004-2014: next steps available at www.hm-treasury.gov.uk.

Essay – Defence and National Skills

With about 300,000 military and civilian staff, the Ministry of Defence is one of the United Kingdom's largest employers and plays a crucial role in contributing to the national skills base, having always invested in the training and education of its personnel. The Armed Forces recruit approximately 18,000 young people every year from a broad educational background. For those joining with few or no qualifications, they are given the chance to succeed; indeed, defence is one of the few areas of employment where an individual can join with no qualifications at all and, with the correct motivation, leave with marketable skills and experience – a fact recently acknowledged in the Government's March 2007 Green Paper on raising the participation age¹. This responded to the December 2006 conclusions of the Leitch Review of Skills² sponsored by the Chancellor of the Exchequer, which reported that national skills remain fundamentally weak by international standards with competitors in the global economy advancing much more rapidly. The Department is engaged in the debate on implementation of Lord Leitch's recommendations. The fundamental change his report advocates, that learning be viewed as a continual work related activity, is already embedded in Service culture and the Ministry of Defence. The increasing complexity of defence business requires a wide spectrum of skills and competencies to deliver operational effect. This demands that defence personnel acquire the necessary skills through adequate investment in training and education.

Basic Skills

The emphasis placed on Skills for Life (also known as Basic Skills) has become more important across the increasingly sophisticated, technological and networked defence environment. Sailors, soldiers and airmen are expected to manage and coordinate complex tasks and equipment, often in the most hostile of environments where friends' and colleagues' lives can be in danger. Those with poor Basic Skills can struggle to understand verbal or written instructions, make simple calculations, or record information. They often find the training and education necessary to do their job difficult, taking longer to assimilate the required skills or in some cases failing to reach the required standards and leaving the Armed Forces. Those with higher levels of literacy and numeracy can work with less supervision, use their initiative more, and are more confident in demanding and complex environments. Service personnel joining technical trades, which comprise the vast majority of Royal Navy and Royal Air Force posts, and those who join as officers, have a good level of education upon entry. The Army faces a greater challenge, as it recruits several thousand personnel a year with no more than basic levels of literacy and numeracy. The Armed Forces and the MoD Civil Service work to raise the Basic Skills levels of personnel identified with weaknesses (see paragraphs 220-221 under *Personnel Management*) and resources have been allocated to support more extensive Basic Skills delivery in the Army. All this supports the overall Skills Agenda. The link between Basic Skills and operational effectiveness will be further explored in a five-year study starting later in 2007 sponsored by the Department for Education and Skills.³

Vocational Skills and Qualifications

All defence training and education is driven by operational and business need. Training within defence has a heavy emphasis on work-based learning. There are over 2,500 different courses, ranging from half a day to up to four years long. The Armed Forces favour apprenticeship schemes that provide a National Vocational Qualification, a technical certificate, and certain key skills. These latter not only cover literacy, numeracy and IT skills, but also develop problem solving and the ability to work with others, and provide improvements to self-learning and performance. In 2006-07 over 5,700 personnel completed apprenticeships and nearly 2,500 completed advanced apprenticeships, with significant numbers in key areas such as engineering, communications, transport, health care, customer care and public services. This is more than comparable with the training performance of the best private sector employers.

¹ *Raising Expectations: Staying in Education and Training Post-16*, available at www.dfes.gov.uk

² *Prosperity for all in the global economy – world class skills*, available at www.hm-treasury.gov.uk.

³ DFES became the Department for Children, Schools and Families; and the Department for Innovation, Universities and Skills, on 28 June 2007

Since much of what Service personnel do on a daily basis requires vocational skills, the Armed Forces put great store in accrediting the training and education carried out by military personnel to nationally recognised vocational qualifications. This not only provides external assurance that military training is high quality. It also helps recruiting and retention. Parents of young recruits are assured that the training and education provided by the Armed Forces leads to nationally recognised qualifications. Service personnel, having gained nationally recognised transferable skills, are content to stay longer in the Armed Forces and acquire greater experience before leaving to work in the civil economy. Opportunities to gain nationally recognisable academic and vocational qualifications continue throughout a military career. Service personnel can also make use of the Learning Credits Scheme (see paragraph 108 under *Wider Government*) to gain vocational and academic qualifications for their personal development. The training of MoD civil servants is similarly accredited, wherever possible, to nationally-recognised qualifications.

The Future

The Department is committed to playing a leading part helping to shape and influence the development of national qualifications and the wider skills vision, working closely with the Department for Education and Skills,³ the Qualifications and Curriculum Authority, the Cabinet Office, relevant Sector Skills Councils and the Learning and Skills Council. Current defence policies and practice provide a strong foundation for the future.

Health and Safety

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

Public Service Agreement Target (SR2004 MoD Target 5)

Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives and achieve manning balance in each of the three Services by 1 April 2008.

Assessment and Performance Measures

Assessment: Further improvements were made to military medical support during the year, the number of patients assessed by Regional Rehabilitation Units and the proportion of Service personnel medically downgraded nevertheless continued to increase, and the Department did not meet its target of 90% 'fit for task' by April 2007. The Civilian sickness absence rate continued to fall, remaining comparable with private sector performance. Defence safety management systems were judged to be generally robust, the number of deaths attributable to health and safety failures fell during the year, and the Department remained on course to meet Government targets for improved Health and Safety performance by 2010. But the Department did not achieve its own target of no deaths attributable to Health and Safety failures.

Reduce number of Service personnel medically downgraded:

- Service personnel reported 'fit for task' fell from 87.8% to 85.9% during 2006-07 (target 90% on 1 April 2007);
- Complex Rehabilitation and Amputee Unit at Headley Court fully operational in June 2006;
- Reserves Mental Health Programme operational in November 2006;
- Military Managed Ward Unit opened at Selly Oak Hospital in December 2006;
- 7,168 patients assessed at Regional Rehabilitation Units during 2006-07, and 705 (9.8%) referred for fast-track surgery.

Reduce level of civilian sickness absence:

- Civilian non-industrial sickness absence rate fell from 7.3 days to 6.7 days (target 7.3 days);
- Civilian industrial sickness absence rate fell from 11.9 days to 10.8 days.

No fatalities attributable to Health and Safety failures:

- 6 deaths reported as attributable to Health and Safety failures (8 in 2005-06);
- 2 Crown Censures against MoD during 2006-07 (1 in 2005-06).

Reduce the number of serious injuries by 10% against previous year:

- 706 serious injuries during the year, producing target for 2007-08 of no more than 635.

Other Developments

- Updated Safety, Health and Environmental Protection Policy in December 2006;
- Health and Safety Gap Analysis concluded in January 2007;
- *The Defence Health Strategy* issued in March 2007;
- Introduction of Corporate Manslaughter legislation in summer 2006 with exemptions for military operations and training in support of operations;
- Expanded work to minimise Road Traffic Accidents and analyse their causes;
- Smoking banned across Defence Estate from 1 January 2007.

Health of Service Personnel

238. The Armed Forces must have personnel fit and able to carry out the tasks required of them. When people are not fit, it is important to identify this and provide the necessary care for their recovery. On 2 March 2007, the Service Personnel Board issued *The Defence Health Strategy*, which sets out the responsibilities of everyone in defence, including the chain of command, the medical services and the individual, for the promotion and enhancement of health.

239. The Department continued to improve the care provided to injured personnel. Defence medical personnel deployed to Afghanistan during the year won awards for Hospital Doctor of the Year and Paramedic of the Year. The British Field Hospital in Camp Bastion, Helmand Province, is equipped to deal with severe trauma casualties, including the first British Computerised Tomography scanner in Afghanistan, a range of advanced mobile digital X-ray machines and innovations such as new self-applied combat tourniquets, new clotting agents, and new rapid drug delivery systems that reduce the time it takes to put in a drip. There were continuing improvements to medical capability on deployed operations, backed up by an Aeromedical Evacuation team widely regarded as providing an exceptional service, and which is also used to recover Canadian and Dutch casualties in Afghanistan. Military personnel who sustain a serious physical injury on operations overseas are usually aeromedically evacuated back to the United Kingdom for treatment by the University Hospital Birmingham NHS Foundation Trust. This includes Selly Oak Hospital, which is at the leading edge in the medical care of the most common types of injuries (such as polytrauma) our casualties sustain. Recognising the value to military patients of recovering alongside their comrades, in December 2006 the Department established a Military Managed Ward within one of the larger trauma/orthopaedic wards at Selly Oak, with a combined military and civilian team to care for those military patients whose clinical condition allows for it.

240. On 1 June 2006, the new Complex Rehabilitation and Amputee Unit at the Defence Medical Rehabilitation Centre, Headley Court, became fully operational. Since then, over 40 amputees have been treated in the Unit, receiving individually tailored prosthetic limbs and adaptations, as well as associated rehabilitation care. For the more common range of injuries the Defence Medical Services continued to build on the scheme introduced in April 2003 to provide fast track access to routine surgery, cutting down on often lengthy waits for assessment, diagnosis and surgical treatment, and contributing to the numbers available for deployment. 7,168 patients

were assessed at Regional Rehabilitation Units during 2006-07 of whom only 705 (9.8%) required onward referral to fast-track orthopaedic surgery. The rest were successfully managed with rehabilitation alone. The development of this programme has allowed Headley Court to focus on the most complex rehabilitation cases, including amputees and neurological rehabilitation for brain-injured patients.



HMS illustrious taking an active part in Men's Health Week

241. The Defence Medical Services continued to provide mental health support through 15 military Departments of Community Mental Health in the UK (plus satellite centres overseas), ensuring better access to specialised mental health support within or close to an individual's unit or home. This also enables defence mental health staff to work within their local Service community, which is more closely aligned with their operational role. In-patient care is provided regionally by the private Priory group of hospitals. (For further information on the provision of medical support to veterans see paragraphs 120-124 under *Wider Government*).

242. Over the year the proportion of Armed Forces personnel reported as 'fit for task' (that is, fully able to carry out the task that they were posted to their unit, ship or establishment to perform) fell by a further 1.9%, from 87.8% on 31 March 2006 to 85.9% at 31 March 2007, against a target of 90% on 1 April 2007. The reduction reflected the continuing high operational tempo, as the level of fitness required for personnel to be able to deploy on combat operations is both more demanding and more strictly enforced than that required in less a challenging environment. Reporting systems have also been improved further. The position in the Army was more marked, with the number reported as fully fit falling from 84.2% on 31 March 2006 to 82.7% on 31 March 2007. Of those not fully fit only 0.5% were unfit for any task, with the remaining 16.8% not fully fit for their primary task able to carry out other duties in their units.

Reserves

243. The new Reserves Mental Health Programme became operational in November 2006. Any member of the Reserve Forces demobilised since January 2003 following deployment overseas is eligible for a dedicated mental health assessment programme offered by the Defence Medical Services. In the event that individuals are assessed as having a combat-related mental health condition, they are offered outpatient treatment by the Defence Medical Services, who have particular expertise in this area. If a case is particularly complex or acute and requires in-patient care, the Defence Medical Services will assist in arranging access to NHS treatment. The Programme is based at the Reserves Training and Mobilisation Centre at Chilwell in Nottinghamshire. As at 31 March 2007, a total of 96 enquiries had been received by the Centre. Most were resolved without an individual needing to attend for formal assessment, but 16 individuals had been assessed by this date, of whom eight were referred for treatment at one of MoD's own Departments of Community Mental Health (see previous paragraph).

Civilian Sickness

244. The Department introduced a new reporting process during the year that improved the quality of sick absence data. In 2006-07 the MoD's civilian sickness absence rate was 6.7 working days per non-industrial employee, (costing £47.5M) against a target of (no more than) 7.3 days. This compares favourably with other large Civil Service and commercial organisations. The most recent Cabinet Office figures reported an average of 9.8 days lost per staff year in 2005 across the Civil Service, with other very large departments ranging from 10.3 to 12.6 days. The most recent Confederation of British Industry (CBI) survey reported an average of seven working days per employee lost across the UK workforce (and eight days in organisations with over 5,000 employees). The most recent Chartered Institute of Personnel and Development Absence Management Report indicated an average of eight days lost per employee. The MoD also lost an average 10.8 Industrial average working days to sickness absence, (costing some £13.1M) down from 11.9 days in 2005. The CBI survey reported an average of eight working days lost per employees among manual workers. The Department has not previously had a target for Industrials because since the MoD employs over 80% of all Civil Service Industrial staff they have not been taken into account in comparisons with other Government Departments. However, from 2007-08 reported figures will be based on new Cabinet Office definitions for the whole of the MoD workforce bar those employed in trading funds.

245. Under the People Programme (see paragraph 187 under *Future Personnel Plans*) the Department continued to develop policy for and delivery of Occupational Health and Absence Management services. Occupational Health support and advice is already available to all MoD civilian staff. The Department's approach to occupational health is being reviewed in advance of the award of a contract in 2008. Every major business area was set a tailored target to reduce its absence levels further.

Health and Safety

246. The Secretary of State issued an updated Policy on Safety, Health and Environmental Protection in December 2006. This emphasises the importance of delivering high standards of safety, health and environmental performance, which are critical to the generation of battle winning people and equipment. The Department remained on track to meet the improvement targets for 2010 set in the joint Government/Health and Safety Commission initiative *Revitalising Health and Safety*, launched in June 2000. At its best, health and safety management in defence compare well with best practice elsewhere, as demonstrated by the award of the Sir George Earle prize to HM Naval Base Devenport in 2006 by the Royal Society for the Prevention of Accidents, and of the International Safety Award to HM Naval Base Clyde in May 2007 by the British Safety Council. The Department nevertheless commissioned a Strategic Gap Analysis in 2006 from Professor Richard Taylor, an independent safety expert with many years' experience in senior roles in high hazard industries such as nuclear power. This reported to the Defence Environment and Safety Board in January 2007 and provided a strategic view of safety and environmental management performance benchmarked against outside industry. It concluded that MoD's safety management system was generally clear and robust, and that the areas of highest hazards (nuclear, explosives, and aviation safety) appeared to be well managed, but that there was room for improvement in some areas, including performance measurement. The new Incident Recording and Information System to be launched in January 2008 will provide more effective analysis of accident statistics and better assessment of performance. In November 2006 the Royal Air Force was awarded the British Horse Society Safety award for the organisation that has done most to promote equestrian safety. This reflects the Department's response to death of Heather Bell in 2003, who was thrown from her horse when an RAF helicopter passed by at low level. The Department has set up a freephone telephone number for horse riders to call to find out if low level helicopter operations are planned to take place in an area they wanted to ride, and donated

£14,000 for high-visibility equipment for horses and riders.



HM Naval Base Clyde with the International Safety Award

Corporate Manslaughter

247. The Department has worked closely with the Home Office on the development of the draft Corporate Manslaughter legislation currently before Parliament, which aims to strengthen corporate responsibility for safety management. The Department strongly supports this goal, and the imperative of ensuring that the risks and benefits of particular activities to the delivery of operational capability continue to be properly balanced. In this context it is essential that the legislation does not inadvertently compromise the military judgment of commanders on operations, or the duty of care to military personnel to ensure that they are properly trained and prepared for what they are expected to do and may have to face on operations. There are accordingly certain limited but vital exemptions in the draft legislation covering military operations and training in support of operations.

Avoiding Fatalities

248. The Revitalising Health and Safety initiative set a target of a 10% reduction in deaths by 2010 against the 1999-2000 baseline. In that year 16 on-duty, workplace injury-related deaths were reported. Six were reported in 2006-07 (see below), but the low number means that single multi-fatality events can seriously skew the figures. In 2005, the Department set itself the further target of no deaths attributed to health and safety failures. A full investigation is carried out after every death, and during 2006-07 six fatalities were reported as attributed to such failures: a motorcycle display team rider hit by a bike while supporting a display; two soldiers crushed beneath armoured fighting vehicles in Afghanistan; a Royal Logistic Corps driver crushed

beneath a vehicle on Salisbury Plain; a contractor working on the defence estate in Northern Ireland; and a Private soldier on a physical training test. There were two Crown Censures⁶ against the MoD during 2006-07, relating to the deaths of two Army soldiers crushed between armoured fighting vehicles in 2003 and 2004. These recognised and welcomed the action taken subsequently to improve the work procedures, communications and training deficiencies that were identified as root causes of the incidents.

Road Traffic Accidents

249. The largest single non-operational cause of deaths and serious injuries in the Armed Forces is Road Traffic Accidents, on and off duty. In 2006 there were nine deaths in on-duty and 50 deaths in off-duty Road Traffic Accidents, compared to eleven such deaths on-duty and 41 such deaths off-duty in 2005. Although these are not the result of health and safety failures they remain a significant concern, particularly for the Army, which has taken steps to reduce them including the use of targeted radio and television advertisements and road safety campaigns. The Defence Analytical Services Agency is also conducting a more detailed analysis to identify underlying causes, which will enable them to be addressed. There is a possibility that increased risk-taking by Service personnel returning from operational tours could be responsible for some of these accidents. The work is therefore focusing particularly on the pattern of road traffic accidents among personnel returning from operational tours and looking at the circumstances behind them, including the degree to which 'operational service' might have affected perceptions of risk of personal injury.

Minimise Serious Injuries

250. The Revitalising Health and Safety initiative also set a target of a 10% reduction in serious injuries by 2010 against the 1999-2000 baseline. 60 serious injuries per 100,000 employees were reported in that year. In 2005-06 76 serious injuries per 100,000 employees were reported. This increase is partly explained by the increased reporting rates for all injuries, following the introduction of call centres in most of the major TLBs. In 2005 the Department set itself a target to reduce the number of serious injuries by 10% each year against the previous years' performance, with 2006-07 the baseline. There were 706 serious injuries⁷ during the year, producing a target

⁶ Crown Censure is the Health and Safety Executive's procedure to censure a breach of health and safety obligations for which, but for Crown Immunity, it would have prosecuted the employer with a realistic prospect of conviction.

⁷ Defined as "a reportable major injury" under the Health and Safety Executive's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

for 2007-08 of no more than 635. With the introduction of call centres across the Department and the Armed Forces reporting of injuries has improved. This has produced a clearer understanding of what causes such accidents of which the largest cause is 'slips, trips and falls', followed by 'physical movement' (including sports and training injuries).

Smoking

251. Reducing smoking and tobacco-related harm is a key Government objective. The Scottish Executive introduced a smoking ban in all enclosed public places and workplaces in Scotland in March 2006, at which time the Department banned smoking in enclosed premises on defence sites in Scotland and the RN surface fleet worldwide. Both Wales and Northern Ireland followed suit in April 2007, and England's legislation comes into affect in July 2007, in advance of which the Department banned smoking in enclosed premises on the entire defence estate (including overseas) from 31 December 2006, except in designated bedrooms and family quarters, and RN submarines and the RFA will become smokefree by 1 July.

Further sources of information

252. Additional Information on Health and Safety is available from the following sources:

- Health and Safety Policy at www.mod.uk
- CBI/AXA Absence and Labour Turnover Survey 2007, available at www.nhsplus.nhs.uk
- CIPD Annual Survey Report 2006: Absence Management, available at www.cipd.co.uk/surveys
- *Annual Analysis of Sickness Absence in the Civil Service* available at www.civilservice.gov.uk
- *Safety Health and Environmental Protection in the Ministry of Defence – A Policy Statement by the Secretary of State for Defence* available at www.mod.uk
- Revitalising Health and Safety, available at www.hse.gov.uk
- Draft Corporate Manslaughter legislation at www.parliament.uk
- UK Defence Statistics, available at www.dasa.mod.uk
- DASA annual summary of incident statistics at www.dasa.mod.uk
- Sustainable Development Annual Report available at www.mod.uk.
- House of Commons Public Accounts Committee report on Reserve Forces, HC729, available at www.publications.parliament.uk

Essay – Duty of Care and Welfare in Initial Training

The Department has a continuing duty of care towards Service personnel, particularly those under the age of 18. Just over one year on from the publication of the Deepcut Review significant improvements have been made to the environment in which recruits and trainees are trained and to the way they are managed, including to the support provided at a time when they may be particularly vulnerable. In its *Better Training* report published in March 2007, the Adult Learning Inspectorate commented that “substantial improvements have been made everywhere with some very marked achievements”.

Initiatives to improve the training environment focused on changing the way instructors are selected, trained and developed prior to undertaking their role. The Armed Forces have tightened up their procedures for checking the personal records of Service personnel before employing them as instructors to ensure that only suitable personnel of the right quality are posted to training establishments. Current legislation does not allow for Criminal Records Bureau checks to be carried out on personnel working with recruits and trainees under the age of 18 because they are in full time employment. The Department is therefore working as a matter of urgency with the Department for Education and Skills¹ and the Home Office on changes to legislation to provide greater flexibility in carrying out such checks in future. In April 2006, a new Defence Train the Trainer course was introduced and mandated for all new instructors. A new policy on Remedial Training has been introduced which defines what behaviour to help trainees achieve required standards is legitimate, and to ensure that both instructors and trainees distinguish this from bullying or harassment, which is always unacceptable. All instructional staff will now be trained at the new purpose built Army Recruiting and Training Division Staff Leadership School at Pirbright.

There have been a number of changes to reduce the risk to the safety and wellbeing of recruits and trainees. The Department has implemented the Supervisory Care Directive across training organisations, underpinned by Unit Commander’s Risk Assessment. Policy on the care of Service personnel under the age of 18 has been revised. This aims to ensure that our under 18s are properly identified, monitored and supported throughout their training and, when necessary, during their free time. It also sets out procedures to prevent them being deployed on operations outside the United Kingdom where they may become engaged in or exposed to hostilities. Real progress has been made in managing the risk of self-harm and suicide, including the introduction of pragmatic policies and the development of better awareness, knowledge and understanding. Armed guarding policy at training establishments has been updated, and a programme of transferring routine armed guarding at all Phase 2 establishments to the Military Provost Guard Service is well underway. Controls over access to firearms are now tighter and better enforced, and the risks associated with their use in training establishments managed more carefully.

As recognised by the Adult Learning Institute, the Department is committed to meeting the specific needs of those under the age of 18 and to providing them with a well organised and highly effective support service. A number of recommendations from the welfare review were implemented over the year, including the production of a new Joint Service Publication on welfare provision. There are comprehensive mechanisms in place to support Service personnel, but work on enhancing this support system continued. For example, the Army completed a trial of the ‘Bullytext’ system, and other more localised schemes using text messaging are now being explored to complement the well-used Confidential Support Line. A simple leaflet has been produced for Service personnel on what to do on encountering any form of bullying, who to turn to for help, sources of advice, definitions of the terms bullying and harassment and an overview of how complaints are made, responded to, investigated and dealt with. The procedures for making and dealing with complaints of bullying and harassment have also been revised. Further improvements will be made to the complaints process under Armed Forces Act 2006. These include the introduction of Service Complaint Panels with an external, independent member for the consideration of complaints making allegations of harassment and bullying, and the establishment of a Service Complaints Commissioner who will provide Service personnel and others an alternative means of raising a grievance if they do not feel comfortable, for whatever reason, in reporting it to the relevant commanding officer. Work is underway to implement this new system ahead of full implementation of Armed Forces Act 2006.

The Department has also made great efforts to keep families and partners informed as recruits pass through training, as recommended in the Deepcut Review. The Adult Learning Institute acknowledged that this has improved significantly. Families are engaged with if a young recruit has a problem, but contact with them goes far beyond keeping them informed of problems. They receive letters and phone calls about progress and forthcoming events and further information via training establishments’ websites.

Achieving real and lasting change in the Armed Forces requires sustained effort. The Department remains committed to further improvements, and to maintaining the momentum so far achieved.

¹ DFES became the Department for Children, Schools and Families; and the Department for Innovation, Universities and Skills, on 28 June 2007.

Logistics

Objective: Support and sustain our Armed Forces.

Assessment and Performance Measures

Assessment: The logistic support required to sustain the high tempo of operations was successfully provided against a growing requirement over the year as the forces deployed to Afghanistan increased. The logistic transformation programme continued to deliver improved support arrangements and financial efficiencies. But the continuing impact of reduced levels of support for the Royal Navy and the impact of operations on RAF aircraft meant that the level of routine logistic support provided to the Services continued to fall slightly below the target level.

Provide the logistic support required to current operations:

- Successful logistic support to operations in Iraq, Afghanistan and the Balkans, and to civilian evacuation operation from Lebanon;
- Improvements to operation of strategic airbridge to Iraq and Afghanistan;
- Improvements in consignment tracking.

Deliver 98% of logistic support for funded levels of readiness and funded support to enable force generation within planned readiness times, as set out in Customer Service Agreements with Top Level Budget Holders:

- 94.9% of logistic support outputs delivered (94.5% in 2005-06).

Provide funded logistic sustainability for future contingent operations:

- Work to introduce new Force Elements at Sustainability process to manage sustainability requirements for contingent operations;
- Work continued to ensure that the full logistic recuperation requirements and cost are understood.

Deliver Logistics efficiency savings agreed in 2004 Spending Review:

- Validated total of £662M efficiencies achieved by the end of March 2006 (target £539M);
- £225M to £300M estimated further efficiencies achieved in 2006-07 (target £175M).

Achieve a disposal sales receipt of £63 million from sales of surplus equipment and stores:

- £81.5M gross sales achieved.



Delivery of Logistics Support

253. In 2006-07, the Defence Logistics Organisation (DLO) was responsible for providing support to the front line British Armed Forces. Support to operations was the highest priority throughout the year. To achieve this, it worked closely with the Army, Navy, RAF, the Defence Procurement Agency (DPA) and other parts of the MoD and industry. At the beginning of April 2007, the DLO merged with the DPA to form Defence Equipment and Support. This means that in future there will be a single organisation centred in the Bath/Bristol area dedicated to the procurement, maintenance and sustainment of military capability.



Upgraded FV430 Mk3 Bulldog vehicles arrive in Iraq

Supporting Current Operations

254. The DLO remained focussed on support to operations and demonstrated its ability to respond to additional short notice surge requirements, including the evacuation of UK citizens and their dependants from Lebanon in July 2006 (see paragraph 28 under *Current Operations*). For most of the year the main logistic effort continued to be in support of operations in Iraq (see paragraph 28 under *Current Operations*). Incremental improvements were introduced during the year to the management of Urgent Operational Requirements, logistic command and control, asset tracking, air transport and the airbridge. As force levels built up in Afghanistan the logistic effort to support the high operational tempo (see paragraph 20 under *Current Operations*) grew substantially, including the movement of 2,800 tonnes of ammunition in late 2006. Key medical supplies were delivered including a CT scanner and 'golden hour' boxes to ensure that the best medical facilities were available (see paragraph 20 under *Health and Safety*). A total of 245 protected mobility vehicles such as MASTIFF and BULLDOG were delivered rapidly by air to Iraq and Afghanistan as they became available from September 2006. Planning is underway to support further logistic expansion in Afghanistan as a series of new capabilities are introduced into theatre during 2007, including the new Guided Multiple Launch Rocket System.

255. Over the year a significant body of work was taken forward to improve the air bridge, the operation and reliability of which has been subject to considerable military, Parliamentary and media scrutiny. To maintain the required levels of support, the operational air bridges were supplemented by air charter. This cost some £82M in 2006-07, of which some £56M was directly in support of operations in Iraq and Afghanistan. Although stretched, rotation of forces 'in-place' was successfully accomplished for both theatres, including a period of 'decompression' (time to adjust after intense combat conditions) in Cyprus for personnel returning from Afghanistan. There was also a steady improvement in consignment tracking as changes to regulations, training, and equipment began to deliver improved visibility of materiel in transit, addressing the concerns raised by the Public Accounts Committee in its report into *Assessing and reporting military readiness* in February 2006. A range of Logistic Information Systems are being introduced over the next five years that will provide the data to support full asset tracking in future.

256. Equipment that is no longer required also has to be removed from theatre. There was a series of such shipments from Iraq and Afghanistan during the year, and work was taken forward to make the reverse supply chain from both theatres function more effectively by applying the same tracking and consignment visibility processes used for outbound loads. It was also necessary to support the drawdown in the Balkans once the last major unit withdrew from Bosnia at the end of March 2007 (see paragraph 26 under *Current Operations*).

Performance against Customer Supplier Agreements

257. In 2006-07, the DLO achieved the agreed service levels for delivery against funded levels of readiness of 94.9% of its logistic support outputs, against a target of 98%, a slight increase from 94.5% in 2005-06. The shortfall against the target was principally driven by the following:

- defects and spares availability difficulties for surface ships, reflecting in part the impact of the reduced support period for the Royal Navy;
- difficulties supporting ageing Royal Fleet Auxiliary ships;
- unexpected defects with new classes of ships entering service;
- the high operational tempo affecting aircraft and spares availability for Hercules and Tornado, with significant damage sustained on operations requiring extensive repair on return home;
- difficulties in supporting the ageing Nimrod MR2 fleet, exacerbated by the loss of an aircraft in Afghanistan; and
- a shortfall in the availability of spares for the Typhoon and Hercules fleets, largely mitigated by working closely with industrial partners.

Sustainability for contingent operations

258. The last Logistic Sustainability and Deployability Audit was carried out in 2005. Resources are currently focused on providing the assets judged most likely to be needed to sustain operations and which could not be bought within assumed readiness times. Work is now underway to introduce a new logistic requirement setting and associated risk management process, known as Force Elements at Sustainability, to set sustainability targets on Defence Equipment and Support and then assess its ability to sustain the Force Elements at the required level. The intention is to assess any sustainability shortfall in capability terms and set funded sustainability targets in Service Delivery Agreements. This will then allow the Department to judge what might be made available within the relevant warning times in order to support operations up to the most demanding level envisaged in Defence Planning Assumptions, thus providing an updated assessment of our sustainability capability.

259. The Department continued to develop its ability to evaluate and articulate logistic performance and risk to ensure that decisions take full account of the logistics implications. Work also continued to ensure that the full logistic recuperation requirements and cost are understood as part of the process of restoring contingent forces' readiness to conduct a wide range of operations when the high tempo of current operations reduces.

Improving Logistics Effectiveness and Efficiency

Management of Logistics

260. Logistics is one of the enabling processes within the Department's Business Management System (see paragraphs 277-278 under *Business Management*). As process owner, the Chief of Defence Logistics was responsible during 2006-07 for the delivery of the logistics process across defence including the Equipment Capability Customer, industry, Defence Procurement Agency, Front Line Commands and the Chief of Joint Operations, as well as in the Defence Logistics Organisation. The revised Defence Logistics Programme provided the strategy and supporting delivery programme to take logistics forward. It drew together the most significant work currently underway in improving delivery of logistics across defence, including the current Defence Logistics Transformation Programme, and provides the strategic direction for logistics to meet the current and future needs of the operational commander.

The Defence Logistics Transformation Programme

261. The Defence Logistics Transformation Programme (DLTP) incorporates all logistic activity from one end of the acquisition cycle to the other. This extends from the early stages of equipment acquisition, through support in the Front Line Commands and in industry, until the final planning for and process of equipment disposal at the end of its operating life. The DLTP has operated as a single, coherent programme for more than two years, and delivered simplified, lean processes driven by the operational users; improved availability of equipment; reduced repair times and equipment holdings; and improvements in the performance of the supply chain. Its success has produced a sound understanding across the logistic community of the benefits achieved by an end-to-end support concept. Accordingly during 2006-07 there was a staged transfer and delegation of responsibility for delivering and managing further logistics transformation from the core DLTP team into

the wider Defence Logistics Organisation, the Defence Procurement Agency and the Front Line Commands. The DLTP also prepared the ground for the recognition of the importance of through-life management in the Defence Industrial Strategy and the work to implement that in the Defence Acquisition Change Programme (see paragraphs 170-172 under *Future Capabilities and Infrastructure*, and the essay on page 101). The merger of the Defence Logistic Organisation and the Defence Procurement Agency into Defence Equipment and Support in April 2007 recognised and embodied this approach and will help build on it further.

262. The programme has consistently met its efficiency targets. In the 2005-06 *Annual Report and Accounts* the estimated savings were reported as between £500M and £575M against a target of £539M by the end of March 2006. Following an internal audit to validate the efficiencies achieved, the final total rose to £662M (see table 3 under *Efficiency and Change*). This reflected identification of £55M of savings from the upkeep of warships and £30M of additional benefits in Strike Command that had not been included in the original claim, and better evidence for other benefits than had originally been assumed. A further £225M to £300M estimated further efficiencies were achieved in 2006-07, against a target of £175M. Work is in hand to validate these. In parallel with the transfer of responsibility for delivering logistics transformation (see paragraph 261), responsibility for delivery of efficiency targets is also now being delegated across the broader logistics community.

263. Examples of improved logistics effectiveness and efficiency achieved during the 2006-07 are set out below. Figures are for in-year benefits delivery unless otherwise stated, and are subject to validation:

- At RAF Cottesmore, introduction of a pulse-line, partnering with industry and improved repair processes has enabled:
 - a 43% reduction in the time required to upgrade Harriers from GR7 to GR9 standard;
 - a 40% reduction in the time required to repair Harrier Pegasus engines
- The December 2005 contract with Rolls-Royce for full support and a guaranteed agreed level of availability for the Tornado RB199 whole engine delivered savings of £43M and 100% availability during 2006-07;
- Improvement in Tornado F3 deep repair and maintenance at RAF Leuchars saved £24M over ten years;
- The application of Lean thinking to the operational planning process in Afghanistan reduced the number of convoys required in-theatre by over 50%, both improving logistics efficiency and minimising risks to personnel;
- The Merlin Integrated Operational Support contract delivered £6M through payments for achieved flying hours and arrangements to incentivise agreed levels of aircraft serviceability, operational fleet aircraft numbers and training system availability;
- Adoption of lean techniques brought about a 20% increase in output for Puma helicopter deep repair and maintenance;
- The creation of a single repair facility and adoption of lean techniques led to an increase in repair capacity for Gem helicopter engines from 90 to 120 a year;
- A reduction in turnaround time for deep repair and maintenance of Apache helicopters from over 50 days to 42 days by introduction of a Lean pulse-line for depth maintenance;
- Introduction of lean techniques at RAF Odiham provided an additional 1,000 Chinook flying hours against a background of an operational tempo requiring up to 60% of the available operational Chinook fleet to be deployed on operations in different theatres for considerable periods;
- Improvements to the supply chain have reduced delivery times for routine demands in the United Kingdom and north west Europe from 28 days to an average of twelve days.



Puma Helicopter

Restructuring

264. The Defence Logistics Organisation continued to drive forward its major restructuring programme aimed at improving its efficiency and effectiveness. In July 2006, approval was granted for Phase One of the organisation's project to collocate the majority of its staff with DPA staff in the Bath/Bristol area (see paragraph 321 under *Estate*). Collocation was given further impetus by the decision, also taken in July 2006, to merge the DLO with the Defence Procurement Agency as Defence Equipment and Support in April 2007.

Defence Aviation Repair Agency

265. In May 2007 it was announced that DARA will merge with ABRO, forming a new defence support organisation from April 2008. This will include the retained Electronics Business Unit at RAF Sealand and, following market testing, the Large Aircraft Business Unit (VC10) at RAF St Athan. The DARA Transformation Team continued working to establish whether sale of DARA's Rotary and Components business might deliver better value for money for defence and longevity for the businesses. If it does not, these business units will also join the new defence support organisation.

Further sources of information

280. Additional Information on Logistics is available from the following sources:

- Quarterly PSA reports to HM Treasury at www.mod.uk;
- Annual *UK Defence Statistics* available at www.dasa.mod.uk;
- *SR2004 Efficiency Technical Note* available at www.mod.uk;
- The Defence Logistics Organisation Plan 2006 available at www.mod.uk;
- *Defence Logistics Programme 2006* available at www.mod.uk;
- *ABRO Annual Report and Accounts* available at www.official-documents.gov.uk;
- *DARA Annual Report and Accounts* available at www.official-documents.gov.uk;
- *Disposal Services Agency Annual Report and Accounts* available at www.official-documents.gov.uk;
- *Transforming logistics support for fast jets*. (HC825) at www.official-documents.gov.uk.

Red Dragon

266. The Red Dragon project structure continued to play an important role in managing MoD's interest at St Athan in South Wales. In particular it worked with the Welsh Assembly Government over the future of its Aerospace Business Park following the decision in February 2006 to transfer Fast Jet maintenance and repair work from RAF St Athan to RAF Marham. In January 2007 it was announced that St Athan will be home to a new tri-service Defence Training campus under Package 1 of the Defence Training Review. The Red Dragon project will continue until October 2007 to achieve a number of intermediate objectives, following which responsibility for St Athan will transfer to Defence Estates and the Defence Training Review project.

Equipment Disposals

267. The Disposal Services Agency had a successful year, achieving £81.5M in gross sales, including £9M of repayment sales and £3M sales on behalf of other Government Departments. It met all its key targets, including the achievement of customer satisfaction scores of over 94%. Two of the three surplus Type 23 frigates sold to Chile in 2006-07 completed their refurbishment and were handed over to the Chilean Navy in November 2006 and March 2007, with the third ship due to be handed over during 2007-08. Although its function remained the same, the DSA ceased to be an agency at the end of March 2007 and became the Disposal Services Authority within Defence Equipment and Support.

Essay – Supplying Operations

Keeping soldiers, sailors and airmen on operations housed, equipped, fed, supplied and looked after, and supplying the fuel, spares and support to keep their equipment running, is an enormous task. At the back of this is the Joint Supply Chain, providing the essential backbone that makes support to operations work. As such, it is fundamental to operational performance. In recent years there has been considerable work to reshape the Supply Chain by adopting a more integrated and joint approach to minimise waste and drive up performance.

Strategic transport is acquired by Defence Supply Chain Operation and Movements, which coordinates the movement of personnel and their supplies to operations based on the movement requirements set by the Permanent Joint Headquarters. These have then to be translated into the air, sea and land transport assets provided by a mixture of national and international operators including military units and civilian businesses and prioritised for movement. The cost of this strategic lift in 2006 was some £750M, or 2% of the defence budget. Providing air transport requires taking a multitude of factors into account. These can include aircraft serviceability, the weather, refuelling limitations, diplomatic clearance, crew availability, Defensive Aid Suite availability and airfield capacity. Air freight is moved on a combination of military and civilian aircraft to both Iraq and Afghanistan. The core of this service is provided by RAF C17 aircraft, which usually undertake six sorties per week. Commercial A300M freighters provide a further six sorties a week. Large ad hoc consignments and outsize loads are covered by hiring Antonov aircraft. 463 civilian air freighters and 454 passenger aircraft were chartered in 2006-07. All this equates to about 20 flights a week for Iraq and Afghanistan combined. RAF Brize Norton handled over 8,000 tonnes outbound to Iraq and 13,500 tonnes to Afghanistan, and about 3,400 tonnes inbound. These totals are comparable with those handled by major regional airports. This was supplemented by surface delivery options including three Defence Strategic Sealift ships. A weekly service from Southampton despatched 810 containers to Iraq in 2006-07, and Felixstowe handled 1,364 containers for Afghanistan.

The quantities involved are immense. Since the start of operations in Iraq 23 million items worth £493M have been delivered to theatre. This includes 240,000 days worth of Operational Ration Packs, fresh food costing about £21M a year, clothing costing about £13M a year, and about 27 tonnes of mail a month. Some three million items worth some £31M have so far been delivered to Afghanistan, including about 88,000 days worth of ration packs, 56 tonnes of fresh rations a month worth about £2.5M over a year, clothing costing about £7M a year, and about 18 tonnes of mail a month. This is an enormous volume of freight transported over long distances in inhospitable terrain. It also, of course, includes the provision of gift boxes for every sailor, soldier and airman deployed on operations on Christmas Day. Substantial amounts have eventually to be returned to the UK, so the reverse Supply Chain is also busy. Efforts continue to make this all work as well as possible. Since September 2006 there has been a dedicated cell to measure performance, quickly identify areas of concern, investigate them and instigate appropriate remedial action. Work to improve the line of communication reduced surface transit times to Afghanistan further from 100 days in December 2006 to an average of 71 days by the end of April 2007.

Fuel is equally essential and has its own supply chain, which delivers over 715 million litres of fuel a year to support operations and training in the UK and worldwide. The demands of military operations and the virtual non existence of a fuel supply chain in Afghanistan have required bespoke solutions. These have not constrained operations on the ground, but have required careful planning of strategic air support.

Passengers also need moving. In 2006-07 there were over 160,000 passenger movements to support operations in Iraq and Afghanistan. All personnel entering the operational theatres by air must do so in aircraft protected by Defence Aid Suites, which precludes using civilian operators. Some RAF Tristar passenger aircraft are appropriately equipped and make a number of sorties per week to Afghanistan. Personnel travelling to Iraq are flown by commercial air charter to a benign hub, from where they make the last stage of journey into Basra on protected military C130 aircraft.

There is a continuing programme of coordinated investment in Information Systems to improve supply management and control further. Front line users are seeing the benefit of more user friendly and automated systems, together with more streamlined and joint processes, improving delivery. A new Supply Priority System was introduced in 2006, which simplified the arrangements for making a 'demand'. The Joint Demand Tracking System was also rolled out to all three Services in September 2006. This allows any unit with access to the MoD's Intranet to identify the status of their demands on the supply system and the latest recorded location of the items being provided to satisfy those demands. It is proving an effective, popular and low-cost information tool and is contributing significantly to increased confidence in the Supply Chain. Further improvements are in hand, including the Management of the Joint Deployed Inventory and Consignment Visibility projects, other engineering and asset management systems such as Joint Asset Management and Engineering Solution, and work to create a service oriented architecture which will allow information systems to share data, giving both operational commanders and Integrated Project Team Leaders clear visibility of whether the equipment they are using and supporting is in the supply chain, fitted to a platform, in the home base or deployed.

Business Management

Objective: Deliver improved ways of working.

Assessment and Performance Measures

Assessment: The Department was assessed as one of the stronger departments in the Capability Review. There were significant developments in the Department's systems, process and structures. These included a new system for managing strategic risk, major changes to improve acquisition performance leading up to the establishment of Defence Equipment and Support, and the launch of a further study into streamlining the Head Office in the light of the Capability Review.

Organisation and Governance:

- Substantial programme of Defence Management Board development, including engagement with major investment decisions and Introduction of new strategic risk process;
- Launch of Defence Acquisition Change Programme in July 2006, and establishment of Defence Equipment and Support organisation in April 2007;
- Positive result from MoD Capability Review;
- Launch of programme to streamline the Head Office and how it works.

Implementation of the Business Management System:

- Business Management System incorporated into normal business;
- Establishment of new Commercial Process under Defence Commercial Director.



Top Level Organisation and Governance

269. Work continued to improve the efficiency and effectiveness of the Department's management and governance arrangements, which drive the way we work to deliver military capability. The Ministry of Defence's *Departmental Framework Document* sets out the framework within which the Department operates to deliver defence outputs, the roles, responsibilities and governance framework that underpin the business of defence, and explains how these integrate to support the delivery of the Defence Vision and defence outputs. This is summarised in Annex B on the Organisation and Management of Defence. The Department follows as closely as possible the code of good practice on *Corporate Governance in Central Government Departments*. Annual reports against the code are published on www.mod.uk in parallel with the Annual Report and Accounts.

Defence Management Board

270. Reflecting the pressures generated by the imperative of sustaining the high operational tempo while simultaneously taking forward a series of major change and efficiency programmes at home (see paragraph 144 under *Efficiency and Change*), the tempo of the Defence Management Board significantly increased during the year and it developed several initiatives to take a more strategic grip of the Department's business. In particular, as recommended by the *Enabling Acquisition Change* report, as well as continuing to oversee the development of major programmes across the Department, the Board took on

an active role in making the most significant acquisition decisions, previously considered solely by the Department's Investment Approvals Board. It also took forward a new approach to the management of strategic risk (see paragraph 271 below). In pursuit of openness where possible in the spirit of the Freedom of Information Act, the Agendas and summaries of conclusions of Defence Management Board meetings are now published on the MoD website one month in arrears, and a consolidated list of the papers considered by the Board is published at the end of the year.

Risk Management

271. Active management of risk is fundamental to the effective achievement of defence objectives, and is central to the way business is conducted within the Department. It informs operational decision making, contingency planning, investment decisions and the financial planning process. During the year the Defence Management Board established a new strategic risk approach reflecting the context within which defence operates. Strategic risks are categorised into six realms. One Board member leads work in each Realm, assessing and managing the risks and raising issues to the Board as the need arises and another (the 'Inquisitor') provides challenge to them and encourages debate in the Board (see Table 11 below). The Board reviews each of the Realms through the course of the year in order to decide whether it needs to take specific action to improve the position and to regularly consider the relationship with the risks reported by other parts of the Department which form an integral element of the Board's quarterly performance reviews.

Table 11: Defence Management Board Strategic Risks

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

272. The Department has a wide range of control and assurance processes, including the Business Management System (see paragraphs 277-278 below). The effective operation of these is overseen on behalf of the Defence Management Board by the Defence Audit Committee, underpinning the Permanent Secretary's annual Statement on Internal Control (see pages xx-xx in the *Departmental Resource Accounts*). The Audit Committee produces a separate summary of its work, in line with the Corporate Governance code of good practice, which is published on www.mod.uk in parallel with the Annual Report and Accounts.



Business Continuity Exercise

Acquisition Change

273. In response to the Defence Industrial Strategy's call for internal change, the Enabling Acquisition Change report was published in July 2006. This recommended wide ranging changes to process, organisation, culture and behaviours to bring a greater unity of purpose across the planning and acquisition communities. In particular it recommended the creation of the Defence Equipment and Support organisation, through merging the Defence Procurement Agency and the Defence Logistics Organisation (see paragraph 161 under *Future Capability and Infrastructure*, and the essay on *Defence Industrial Strategy* on page 101).

Capability Review

274. A Capability Review of the MoD as a Department of State (but not of its role as the United Kingdom's strategic military headquarters) was carried out as part of the wider Civil Service Capability Review Programme. Work began in October 2006, leading to publication of the Report on 27 March 2007. The Review produced an assessment of the Department's capability to deliver now and into the future. The Capability Review Team included business and public

sector leaders from outside Government with national recognition for their achievements and successes. In gathering evidence the team:

- interviewed over 120 members of MoD's Senior Civil Service, their military equivalents, key MoD customers from across Government and stakeholders, including in academia and industry;
- held eleven large workshops across the country, meeting with over 200 members of staff and the military;
- hosted a number of smaller ad-hoc groups of staff to discuss specific lines of enquiry in more detail;
- carried out eight visits, ranging from Basra to the Defence Procurement Agency in Abbey Wood, Fleet Headquarters in Portsmouth and Headquarters RAF Strike Command in High Wycombe;
- observed at least eight committees, including the Defence Management Board and Chiefs of Staff committee; and
- reviewed numerous publications and documentation.

275. The MoD came out of the Review as one of the stronger departments. Of the ten elements in the model of capability (see essay on page 147) the Department's capability for future delivery was assessed as 'strong' or 'well placed' in those for 'focus on outcomes', 'ignite passion, pace and drive', 'take responsibility for leading delivery and change' and 'base choices on evidence'. The elements for 'build capability', 'build common purpose', 'plan, resource and prioritise' and 'manage performance' were assessed as a 'development areas'. The elements for 'set direction' and 'develop clear roles, responsibilities and business model(s)' were assessed as 'urgent development areas'. There were no areas of 'serious concerns'.

276. The review team was impressed by the work the MoD is doing at all levels to deliver operational effect in theatre. It commented positively on the extent to which the Department is on course to meet its Public Service Agreement Targets, on the Department's existing change programmes, and on the far-reaching changes to improve acquisition skills and performance. However, the report acknowledged some significant challenges, which the Permanent Secretary and Chief of the Defence Staff have committed the Department to dealing with through the MoD Action Plan. This aims to strengthen corporate leadership, clarify and simplify the Department's operating model, and redouble efforts to build the capability of all defence personnel, military and civilian. It includes the programme of work

to streamline the Head Office and the way it works set up in early 2007.



MoD at Abbey Wood, Bristol

Implementation of the Business Management System

277. The Department has continued to implement the Business Management System (BMS) introduced in April 2005 to embed continuous improvement across the system. The process owners for the six pan-

Departmental enabling processes (logistics, civilian workforce, Service personnel, communications, financial management and commodity procurement) continued to use their authority to ensure common standards and processes where applicable across the Department. The BMS approach has now been incorporated into normal business and relevant activities are reported in the chapters on *Logistics, Personnel Management, Future Personnel, Reputation, Resources, and Future Capabilities and Infrastructure*. They are held to account by the Defence Audit Committee for the management of their processes as part of the assurance work underpinning the Statement on Internal Control.

278. Based on the work carried out as part of the Defence Acquisition Change Programme a new Commercial Process was established during the year. Under this the Defence Commercial Director is responsible for ensuring that a robust and effective process is in place in respect of all commercial activity across defence, together with those elements of procurement that fall within the definition of an enabling process (such as responsibility for ensuring that all commercial aspects of the procurement strategy adopted are addressed). Work is now underway to define the scope and parameters of this process and to ensure these principles are embedded within the Department.

Further sources of information

279. In addition to the Statement on Internal Control in the *Departmental Resource Accounts*, further Information on Business Management is available from the following sources:

- MoD Capability Review available at http://www.civilservice.gov.uk/reform/capability_reviews/reports.asp
- *Ministry of Defence Framework Document* available at www.mod.uk;
- *Corporate governance code for central Government departments: Code of Good Practice* available at www.hm-treasury.gov.uk;
- Defence Annual Corporate Governance Reports available at www.mod.uk;
- Defence Audit Committee Annual Reports available at www.mod.uk;
- *Enabling Acquisition Change Report* at www.mod.uk.

Essay – The Capability Review

In October 2005, the Cabinet Secretary announced that he would develop a programme of Capability Reviews to assess how well equipped departments were to meet their delivery challenges, and to provide targeted support to make any improvements required. The three main aims were:

- To improve the capability of the Civil Service to meet today's delivery objectives and be ready for the challenges of tomorrow;
- To assure the Public and Ministers that the Civil Service leadership is equipped to develop and deliver departmental strategies; and
- To help departments act on long term key development areas and therefore provide assurance on future delivery.

The reviews were to assess the capability of departments' senior leadership against ten elements across leadership, strategy and delivery using the model of capability below.



Further details are available at www.civilservice.gov.uk.

The MoD Capability Review

The MoD's was reviewed as a Department of State, but not as the United Kingdom's military strategic headquarters, which was outside the boundaries of the Capability Review process. Pre-fieldwork activities ran from October 2006 to January 2007, followed by fieldwork during February and March 2007. The Review Team was drawn from the private sector, the wider public sector and board-level members of other Government Departments, comprising:

- Alexis Cleveland, Chief Executive Pension Service, Department of Work and Pensions;
- Bill McCarthy, Director General Policy and Strategy, Department of Health;
- Sir David Henshaw, Former Chief Executive of Liverpool City Council;
- Christopher Lendrum, Chairman Barclay's Pension Funds Trustees Ltd; and
- Peter Mather, Vice President Europe, BP.

In the pre-fieldwork phase a team from the Prime Minister's Delivery Unit gathered evidence to develop a picture of the challenges the Department faced and generate Key Lines of Enquiry for the external Review Team members to use during the fieldwork phase. This process comprised:

- reviewing high level departmental documents, including the Annual Report, Service Delivery Agreements, Defence Management Board records, performance reports, staff survey results, leadership and staff development programmes, communication plans, media strategy, Strategic Guidance, efficiency targets, and business planning framework and processes;

- holding eleven workshops to gather the views and opinions of over 200 staff mainly at 1* level and above, although one workshop was arranged for about 60 Band B/C staff and another for a selection of MoD's key external stakeholders including representatives from industry;
- interviewing Ministers and members of the Defence Management Board;
- visiting locations LAND Command, Sandhurst, HQ Fleet, the Permanent Joint Headquarters, HQ Strike Command, and a three day visit to Basrah Air Station; and
- observing a range of senior meetings and committees.

This prepared the Review Team members for the fieldwork phase, which comprised an intensive two week period of interviews and assessment. They interviewed over 100 people, including the Secretary of State for Defence, other Defence Ministers, members of the Defence Management Board, senior civilian and Service personnel in MoD and other Government Departments (including the Foreign Office, Cabinet Office, the Treasury, the Department of Transport and the Department of Trade and Industry¹), academics, senior industry representatives, and senior officials at the United Nations, NATO and the French Ministry of Defence. They presented their findings to the Defence Management Board on 21 February and then worked with the Board to develop an action plan that addressed the key findings. This was published internally, along with the Report, on 27 March 2007. The report is also at www.civilservice.gov.uk

Key findings

The Review Team acknowledged the hugely complex and challenging objectives with which the Department is grappling and the sustained high level of operational commitment. They were very impressed with the clarity of purpose they found. But they made a series of detailed observations, both of strengths and future capability challenges:

- Under **Leadership**, they observed both that the Department is held in high regard domestically and internationally, and the passion and commitment of its staff. The MoD has made significant progress towards the creation of an integrated Department, with joined-up working across all three Armed Services and the Civil Service. This continued in the great openness to change that they found throughout the Department. However, there was a clear need for the Defence Management Board to take a stronger corporate role, particularly in articulating how the overarching vision links into strategy and delivery;
- **Strategy** was a particular strength. The vision and purpose of the Department were well articulated. Defence Strategic Guidance provided a strong platform for aligning effort and prioritising departmental activity and resources. But challenges remained in developing a sense of common purpose across Whitehall and wider;
- On **Delivery**, the Department was praised for its ambitious and extensive change portfolio, and the success with which it is being delivered. But performance management systems lacked agility and there was a culture of a lack of clarity around roles, accountability and authority.

The MoD Response

The Permanent Secretary and Chief of the Defence Staff jointly welcomed the findings, and committed the Department to meeting the challenges identified. They set out four key areas in which they would drive improvements:

- To strengthen the corporate leadership of the department;
- To clarify and simplify the MoD's operating model, streamlining the head office and significantly reducing costs at the centre;
- To work more closely with other Departments across Whitehall; and
- To redouble the department's efforts to build its human capability.

Implementation of these action areas has now begun.