



MINISTRY OF DEFENCE

**PERFORMANCE REPORT
2001/2002**

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

November 2002

Contents

Foreword	
by the Secretary of State for Defence	3

Introduction	5
---------------------	---

Output and Deliverables	
- delivering what the Government expects	
Operations	7
Effectiveness	13
Defence Policy	16

Resource Management	
- planning and managing our resources	
Annual Budget	20
Manning Levels	24
Defence Estate	31
Reputation	33

Enabling Processes	
- to be organised as well as we can be	
Training	35
Logistic Support	36
Equipment Acquisition	38
Management	42

Building for the Future	
- developing our people and organisation for the future	
People	45
Information	48
Technology	49

Annex A: Organisation and Management of Defence	51
--	----

Annex B: Summary of Performance Against the 2001/02 – 2003/04 Public Service Agreement	55
---	----

Annex C: Ministry of Defence Agencies	62
--	----

Annex D: Government Standards	67
--------------------------------------	----

Annex E: Force Structure	73
---------------------------------	----

Annex F: Defence Equipment Programme	87
---	----

Foreword by the Secretary of State for Defence

Defence remains indispensable. It is also a major public service, delivered on behalf of the British people and their interests and that is one of the key lessons we can draw from the year 2001/02, a year that again saw our Armed Forces in action across the world. Whether providing a safe and secure environment in Kosovo, patrolling the skies over Iraq, or collecting weapons from the National Liberation Army in Macedonia, the men and women of our Armed Forces acted as a force for good and strengthened Britain's voice in world affairs.

It was our response to the terrorist atrocities of 11 September, however, that really set the agenda for the year. The UK was involved operationally alongside US forces from the outset – with Royal Navy submarines firing Tomahawk missiles against the Taleban and Al Qaida, and the RAF providing reconnaissance and air-to-air refuelling capabilities in support of US aircraft. Our commitment and resolve remained consistent throughout. In December we led the 2,100 strong International Security Assistance Force to restore stability to Kabul and in March we deployed 1,700 Royal Marines as Task Force JACANA to deny and destroy terrorist infrastructure in eastern Afghanistan. Our reserves also played their full part and on two occasions we issued compulsory call-out orders to help guarantee the availability of key assets.

The events of 11 September caused us to look at our policies, capabilities and force structures to ensure that they matched the new challenges that were so vividly and tragically illustrated on that day. In a White Paper in July 2002, we identified the need to get the right forces quickly to where we want them, make better use of intelligence to identify the threat, decide how to deal with it, and then act – decisively. We have also made proposals to extend the role of the



Volunteer Reserves at home, to enable them to provide assistance to the civil authorities in time of crisis.

Our forces have been equally busy at home as well as abroad. During 2001/02, over 2,000 personnel from the three Services were involved in fighting the foot and mouth epidemic; our Search and Rescue teams rescued over 1,200 people; and over 500 personnel provided emergency cover in Merseyside during a fire brigade strike. Everywhere they were called upon, our forces responded with the professionalism and commitment that is their trademark.

We demand much of our Servicemen and women, so it is vital that they receive from us the support and care they deserve. The Operational Welfare Package – which provides deployed personnel with Internet, e-mail and telephone facilities – was successfully implemented in all major theatres in 2001/02. The investment in Service living accommodation continues apace with 3,870 more properties being upgraded to a condition that reflects modern day energy saving and living requirements. And for MOD civilian employees, over half the childcare places available in the Civil Service are now provided by us. Initiatives like these are essential in helping us to recruit,

and keep, the best people. However, we must work even harder in some specific areas. For example, in medical services, where we are facing a 23% shortfall, we have conducted a Medical Manning and Retention Review to develop measures that will help improve medical and dental officer recruitment and retention.

Our defence equipment programme is now showing the benefits of Smart Acquisition principles. The Defence Procurement Agency met the PSA target of a 20% reduction in operating costs by 2001/02 and identified £340M of savings in the 2002 equipment plan. Examples of improved acquisition performance include the Bowman personal role radio which was deployed on operations three months ahead of target at 15% less cost, and an incentivised contract for three new RIVER class offshore patrol vessels that will reduce whole-life costs by up to 18%. In a major evolution of capability, we announced that the Sea Harrier will be retired in 2006 so that we can focus on a single, joined-up Harrier force until the Future Joint Combat Aircraft enters service in 2012.

We need to secure best value for money in all that we do. The Department signed six new private finance initiative deals in 2001/02, bringing more than £220M more private sector investment into defence. The Defence Logistics Organisation continued to work towards its goal of reducing its output costs by 20% by 2005 – notable highlights included reducing their inventory by over £5 billion, creating the Warship Support Agency, and forming a Non-Project Procurement Office (producing savings of £77M). At the end of the four-year efficiency plan agreed in the Comprehensive Spending review of 1998, the MOD had achieved a total saving of £1.7 billion.

2001/02 was also the first full year of Resource

Accounting and Budgeting (RAB). Despite this upheaval, the Department's spending was managed to within one per cent of its Expenditure Limits – a significant achievement.

Just as our policies, force structures and systems are changing to meet the needs of the 21st Century, so too must we change the way we organise and manage Defence. The Defence Balanced Scorecard, introduced in April 2000, is being used to clarify and communicate Departmental aims and to focus management attention on outputs and results. And I am personally leading the newly formed Defence Change Programme to drive change delivery across the department and ensure that defence outputs are delivered as efficiently and effectively as possible.

Inevitably, this year Defence was in the public eye, with our operations and exercises attracting extensive press coverage and enjoying widespread public support. Recognising the importance of keeping the nation informed of what we are doing, during the year we produced two policy papers, in addition to the New Chapter Discussion Document, a document on the Defence Mission, and a new and readable publication aimed at a younger audience.

I am delighted that in a year of enormous challenges, the Armed Forces and the Ministry of Defence have once again performed with distinction. And the spending review announced by the Chancellor in July 2002 – which represents the biggest sustained real increase in defence spending plans for 20 years – provides an excellent basis from which to continue our vital work.



Introduction

1. This report provides a comprehensive record of the Ministry of Defence's performance during financial year 2001/02. It should be read in conjunction with the MOD's accounts for the year: Ministry of Defence Consolidated Departmental Resource Accounts 2001/2002 (November 2002), which detail the MOD's financial performance in 2001/02.

Report Format

2. The MOD introduced a new performance management regime – the Defence Balanced Scorecard – in April 2000. Aimed at improving the assessment, reporting and management of Departmental performance, the Scorecard encapsulates the Defence Management Board's key objectives and priorities. These cover the full range of MOD business, and are grouped under four categories or 'perspectives', as shown in Figure 1.

3. The Scorecard clarifies and communicates the Board's strategic intent. By tracking progress against clearly defined performance measures, including those that underpin the MOD's Public Service Agreement targets, the Scorecard focuses the Board's attention on what is really important in delivering outputs and achieving results. The Board considers performance against the Scorecard on a quarterly basis. The development of the Scorecard is discussed further in paragraphs 126-127.

4. This report is structured along similar lines to the Scorecard, with four main chapters reflecting the perspectives of Output and Deliverables, Resource Management, Enabling Processes, and Building for the Future. Within these chapters, the main section headings correspond to the high level Scorecard objectives (i.e. Operations, Effectiveness, Defence Policy, etc.).

5. Overall performance against the Scorecard

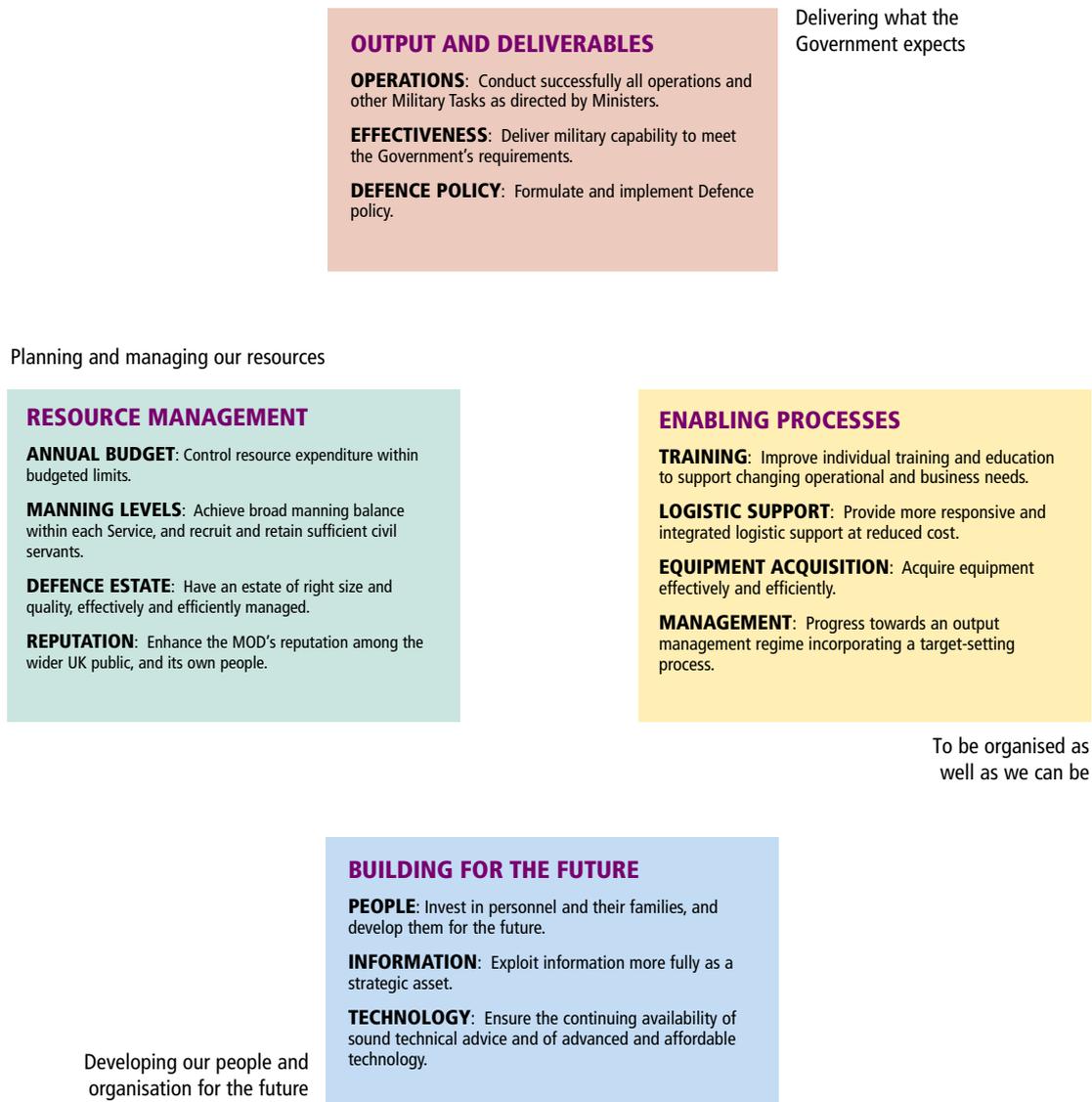
objectives is summarised in the coloured boxes throughout this report. In addition, each chapter provides a more detailed account of MOD performance and activity in those areas covered by the Scorecard and across a broader range of related subjects.

6. MOD progress against its Public Service Agreement targets is addressed throughout this report and, for ease of reference, is also summarised at Annex B. The performance of the Defence agencies is covered at Annex C, whilst MOD performance against the wide range of Government Standards is described at Annex D.

7. Other sources of information relevant to MOD performance include those documents listed below, many of which are available on the MOD website at <http://www.mod.uk>. An overview of the top-level organisation and management of the MOD is shown at Annex A.

- The Government's Expenditure Plans 2002/03 to 2003/04: Ministry of Defence (Cm 5412, July 2002);
- The Strategic Defence Review: A New Chapter – Public Discussion Paper (February 2002);
- UK Defence Statistics 2002 (September 2002);
- MOD Policy Paper No. 3 – European Defence (November 2001);
- MOD Policy Paper No. 4 – Defence Acquisition (December 2001);
- Defence Policy 2001 (February 2001); and
- The Future Strategic Context of Defence (February 2001);
- Main Supply Estimates 2002/2003 (HC 795, May 2002); and
- Supplementary Budgetary Information 2002/03 (Cm 5510, May 2002).

Figure 1: Defence Balanced Scorecard 2001/02



Output and Deliverables

Delivering what the Government expects

Operations

Objective:

- To conduct successfully all operations and other Military Tasks as directed by Ministers.

Performance Measures:

- Degree of operational success, assessed against agreed MOD goals and based on the Armed Forces' performance in the theatre of operation.
- Proportion of the Armed Forces actively involved in the prosecution of Military Tasks.

Performance Assessment:

- Operations in Afghanistan, Kosovo, Bosnia, Macedonia, Sierra Leone, the Middle East and Northern Ireland were successful.
- In what was a particularly busy year for the Armed Forces, activity levels peaked in autumn 2001, when some 23% of the trained strength was deployed on operations and other Military Tasks (including Exercise SAIF SAREEA II).

Performance under this Objective contributes to progress against PSA Target 3 (see Annex B)

The principal deployments of the UK's Armed Forces are depicted in Figure 2. The Defence Aim and Military Tasks are available on the MOD website at <http://www.mod.uk>.

Post-11 September Operations

8. In response to the terrorist atrocities of 11 September 2001, the UK identified four main goals in its campaign against international terrorism (known as Operation VERITAS): deny Al Qaida its Afghan base, deny them an alternative base outside Afghanistan, attack Al Qaida internationally, and support other states in their efforts against Al Qaida.

9. The UK was involved alongside US forces from the outset. Royal Navy submarines fired Tomahawk missiles against the Taleban and Al Qaida networks, and Royal Air Force aircraft provided reconnaissance and air-to-air refuelling capabilities in support of US strike aircraft. The US flew missions from their base on Diego Garcia, part of British Indian Ocean Territory.

10. UK troops were first deployed in November 2001, when Royal Marines from 40 Commando helped to secure the airfield at Bagram. A 1,700-strong battle group, based around Royal Marines from 45 Commando, was subsequently deployed as Task Force JACANA. Their role was to deny and destroy terrorist infrastructure and interdict the movement of Al Qaida in eastern Afghanistan.

11. In several major operations the Task Force destroyed a number of bunkers and caves, two mortar systems, 440 rocket systems and over 45,000 rounds of munitions. JACANA also provided humanitarian assistance in areas previously dominated by the Taleban and Al Qaida. Task Force JACANA withdrew from Afghanistan in July 2002.



British troops disembark from a Chinook helicopter in Afghanistan.

12. The UK led, and made a substantial contribution to, the International Security Assistance Force from its inception in December 2001 to June 2002 (when leadership passed to Turkey). 400 UK troops remain committed to this Force, down from a peak of 2,100, which is helping the Afghan Transitional Authority to maintain security and stability in Kabul. It has also played an important role in restructuring the Afghan Armed Forces, through the training of the first Battalion of the Afghan National Guard. The International Security Assistance Force also advised on security arrangements for the Loya Jirga (or 'Grand Council').

13. Since December 2001, the Royal Navy has undertaken patrols in the Arabian Sea to deter, and if necessary intercept, attempts by Al Qaida/Taliban personnel to flee Afghanistan and establish new bases in the Horn of Africa or elsewhere. These patrols, which previously included the helicopter-carrier HMS OCEAN, have also conducted valuable intelligence gathering tasks.

Peace Support and Humanitarian Operations

14. Regular and reserve UK forces continued to play a key role in the **Kosovo** Force, with some 3,400 troops deployed. The UK remained the

lead nation in Multi-National Brigade (Centre), operating principally with troops from Sweden, Finland, Norway and the Czech Republic.

15. The Kosovo Force's main task was to provide a safe and secure environment, and its troops undertook operations ranging from regular patrols to guarding important sites. UK forces played a prominent role in seizing illegal weapons and apprehending extremists. Together with police from the United Nations Mission in Kosovo, UK forces also tackled the links between organised crime and ethnic extremism, which persist as the most serious immediate threat to security in Kosovo.

16. The UK contributed some 1,800 troops to the NATO-led Stabilisation Force in **Bosnia**, operating in Multi-National Division South West. The UK shares rotational command of this Division with Canada and the Netherlands.

17. Assistance to the International Criminal Tribunal for the former Yugoslavia remained an integral part of the Stabilisation Force's mission. This support ranged from the provision of information to assist investigations, to the detention of people indicted for war crimes. By the end of March 2002 the Stabilisation Force had conducted 26 detention operations, 14 of which involved UK forces. Slobodan Milosevic was transferred to The Hague in June 2001 and is currently on trial at the Tribunal.

18. The Balkans Joint Operational Area Review, completed by NATO in March 2002, outlined the scope for adopting a regional approach to peace support and humanitarian operations in the Balkans. This would potentially allow a reduction in the overall number of coalition forces deployed, and the UK is developing its future Balkan force posture accordingly.

19. In August 2001, the UK led Operation ESSENTIAL HARVEST in **Macedonia**. The UK contribution was around 2,000 troops (1,800 deployed from the UK, and the remainder re-deployed from Kosovo). The operation was a success, with some 3,800 weapons voluntarily surrendered by the National Liberation Army. UK forces were withdrawn by mid-October 2001.

20. UK forces continued to play an important role in bringing peace and security to **Sierra Leone**. The war was formally declared over in January 2002 and peaceful democratic elections were held in May. The UK-led International Military Advisory and Training Team made good progress in developing a professional and democratically accountable Republic of Sierra Leone Armed Forces, under a fully functioning MOD. Basic training for around 10,000 of these soldiers was provided by short term UK training teams, and a UK programme to equip the Armed Forces continued throughout the year.

21. UK troops also assisted with the Government of Sierra Leone's Military Reintegration Programme for some 2,200 disarmed and demobilised former rebel and militia combatants who sought to join the regular Armed Forces. In addition, the UK provided seven headquarters staff officers, including the Chief of Staff, and 15 military observers to the UN Mission in Sierra Leone.

22. The UK also committed five staff officers to the UN Mission in the **Democratic Republic of Congo**, and provided military observers in support of the UN Transitional Administration in **East Timor**.

23. Royal Air Force aircraft sustained humanitarian patrols of the No-Fly Zones in **Iraq**, in support of United Nations Security Council Resolution 688, which called upon

Saddam Hussein to cease his suppression of Kurds in the north and Shias in the south. In the north, the UK contribution consisted of four Jaguar reconnaissance aircraft supported by VC10 tanker aircraft based in Turkey. In the south, UK assets included detachments of Tornado and VC10 tanker aircraft based in Saudi Arabia, Kuwait and Bahrain. Iraqi forces continued to target UK aircraft carrying out this humanitarian mission, and UK aircrew legitimately responded in self-defence.

24. Throughout the year, Royal Navy ships contributed to the maintenance of effective multi-national embargo operations in the **Gulf** region. Nimrod reconnaissance aircraft provided periodic support to all of these Gulf operations.

Military Aid to the Civil Authorities – Foot and Mouth

25. Armed Forces support in managing the foot and mouth epidemic was requested in the middle of March 2001. By the beginning of April, military involvement in the crisis had steadily increased to include the deployment of around 1,000 personnel drawn from all three Services including the Reserves. The numbers deployed reached a peak of over 2,000 personnel by the middle of the month but reduced over the summer, as new outbreaks of the disease declined. Subsequent analysis concluded that this military assistance was crucial in bringing the disease under control and so returning the countryside to normal. The MOD also contributed, along with other government Departments, to the independent lessons learned inquiry into the management of the outbreak.

Military Aid to the Civil Authorities – Counter Terrorism

26. The MOD provided direct support to the Home Office and police on counter terrorist

Figure 2: Principal Deployments of the Armed Forces, on 31 March 2002



activities following the events of 11 September, demonstrating the ability of UK forces to act decisively and quickly when called upon. This included the deployment of high readiness units and improvements to inter-Departmental mechanisms for responding to terrorist threats, such as packages suspected of containing biological materials. These efforts contributed to the emergency services' effective response to the anthrax scare in October and November 2001.

27. The MOD also provided training support to the emergency services, focusing on the response to Nuclear, Biological and Chemical incidents, and assisted in the formation of the Home Office Police Chemical, Biological, Radiological and Nuclear Training Unit. The latter is co-located with the Defence Nuclear Biological and Chemical Centre at Winterbourne Gunner. In December 2001, the Armed Forces helped the Metropolitan Police to investigate and seize a cargo vessel in the English Channel suspected of carrying biological material.

Other Military Aid to the Civil Authorities

28. The Armed Forces made available to the civil authorities, on request and when operational commitments allowed, significant resources throughout the year. Explosive Ordnance Disposal units responded to a large number of requests from the police, especially following 11 September. The Armed Forces also assisted the police in other ways on many occasions, for example in the search for missing children. Over 500 personnel were deployed from all three Services to provide emergency cover during a fire brigade strike in Merseyside in July.

Military Aid to the Civil Power in Northern Ireland

29. The Armed Forces continued to play a

significant role in maintaining law and order in Northern Ireland. Military patrols supported the police in searching for and capturing terrorists, their weapons and other equipment, and in dealing with serious public disorder. In 2001/02, the ongoing dissident threat and violence in Belfast presented particular challenges. The total number of Service personnel committed to Northern Ireland reduced from 15,024 on 1 April 2001 to 14,584 by 31 March 2002. The transition from RUC to Police Service of Northern Ireland (PSNI) as a result of the implementation of the Patten Report presented new challenges and opportunities.

Counter-Drugs Operations

30. Despite the pressure of other operational commitments, Royal Navy ships continued to undertake patrols and joint operations in the Caribbean with US Coast Guard and drug enforcement agencies. One such operation saw the seizure of drugs valued at around £40M. This seizure, and the continuing Royal Navy presence, is a significant deterrent to drug traffickers. Assistance was also provided to anti-narcotics agencies elsewhere in the world.

Independent Nuclear Deterrent

31. During 2001/02, the UK's Trident submarine force maintained at sea a nuclear capability in support of NATO's strategy of war prevention and as the ultimate guarantee of national security.

Military Search and Rescue in Peacetime

32. The Armed Forces maintain a year-round, 24-hour search and rescue service based at 8 locations around the British Isles, typically at 15 minutes readiness. Together with other Service assets, including the Royal Air Force Mountain Rescue Service and Nimrod maritime patrol aircraft, they were called out on 1,791 occasions

in 2001/02 (compared to 1,980 in 2000/01) and assisted a total of 1,205 people; of these, 47 were military personnel. Of particular note was the rescue of 18 crewmembers from a sinking fishing vessel at the extreme operating range of the helicopter – 240 miles off the west coast of Scotland.

Security of the Overseas Territories

33. British Forces **Falkland Islands** continued to demonstrate the Government's commitment to the security of the Falklands Islands, South Georgia and the South Sandwich Islands. The small permanent military detachment on South Georgia was withdrawn at the end of 2000/01.

34. British Forces **Gibraltar** demonstrated the Government's commitment to the security of the territory. Gibraltar retained its importance as an

overseas base for the British Armed Forces, providing valuable support, logistic, communications and training facilities.

35. British Forces **Cyprus** maintained important UK military facilities within the Sovereign Base Areas of Akrotiri and Dhekelia.

Activity Levels of the Armed Forces

36. Activity levels peaked in autumn 2001, when some 23% of the Armed Forces' total trained strength was deployed on operations and other Military Tasks, reflecting participation in post-11 September operations and Exercise SAIF SAREEA II. A detailed breakdown of activity levels during 2001/02 is shown in Table 1. The Royal Air Force flew a total of 42,883 operational hours in 2001/02, a significant increase on the previous year.

Table 1: Percentage of Trained Strength Deployed on Operations and other Military Tasks, 2001/02 ^[1]

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Royal Navy and Marines	9.5%	8.4%	16.7%	15.7%
Army	21.8%	25.6%	26.3%	23.9%
Royal Air Force	11.9%	12.2%	13.6%	13.1%
Notes:				
^[1] Includes those Service personnel deployed on Exercise SAIF SAREEA II, but excludes those either preparing for, or recovering from, deployments on operations and other Military Tasks. Percentages shown are quarterly averages.				

Effectiveness

Objective:

- To deliver military capability to meet the Government's requirements.

Performance Measures:

- Ability of Armed Forces to meet specified readiness targets.
- Ability to sustain the Armed Forces on operations.
- Achieve Operational Capability (Phase 2) of the Joint Rapid Reaction Forces by March 2003, and Full Capability (Phase 3) by 2005.

Performance Assessment:

- The overall readiness of the Armed Forces improved in the second half of the year, as initiatives to address persistent areas of weaknesses began to take effect.
- The method by which we assess sustainability of the Armed Forces continued to improve, enabling specific shortfalls to be identified and addressed. All three Services successfully fulfilled their operational commitments.
- Although most elements of the Joint Rapid Reaction Forces are expected to be in place by March 2003, shortfalls in key areas such as manpower and medical support continued.

Performance under this Objective contributes to progress against PSA Target 1 (see Annex B)

Readiness

37. Readiness of force elements (for example, an Army brigade, Royal Navy ship, or Royal Air Force aircraft and crew) is used as the measure of military capability. Continuing the package of work begun in 2000/01, quantitative and qualitative measures of force element readiness were brought together for the first time in 2001/02. This enabled capability strengths and weaknesses to be identified and addressed more

easily. Further work was also initiated to tackle the potential difficulties associated with undertaking a series of operations concurrently. As a result of these developments, the accuracy and coherence of military capability assessments increased significantly.

38. Despite the high level of operational activity, the overall ability of force elements to meet specified readiness targets improved

Table 2: Percentage of Rapidly Available Force Elements at Required Readiness State ^[1]

	2000/01	2001/02
Royal Navy and Marines	95%	93%
Army	72%	81%
Royal Air Force	90%	90%

Notes:

^[1] Percentage of those force elements intended to be rapidly available (i.e. those held at very high, high or medium readiness) that were at medium readiness or above.

marginally over the year (see Table 2). Although weaknesses persisted in those areas described below, the initiatives set in place to rectify these deficiencies began to take effect.

39. The naval operational programme was achieved despite a number of significant shortfalls in the readiness of some **Royal Navy** and **Royal Marine** force elements. Although this was largely due to a shortage of trained personnel, the impact on the front line was mitigated by the use of full time reservists. The Royal Navy was also affected by a number of equipment defects, particularly in the submarine fleet, and by a shortage of some helicopter spares.

40. The **Army** successfully fulfilled all operational tasks in 2001/02. Despite continuing pressures resulting from specific sustainability challenges and continued under-manning, readiness levels improved compared to the previous year.

41. The **Royal Air Force** continued to experience difficulties in maintaining the required levels of overall force element readiness. This was largely due to continuing manpower shortages in certain key areas of employment, along with some equipment shortfalls. These difficulties did not affect forces assigned to very high and high readiness status and accordingly, the Royal Air Force was able to meet fully all of its operational commitments.

42. The strength of the Armed Forces, on 31 March 2002, is detailed at Annex E.

Joint Rapid Reaction Forces

43. During 2001/02, elements of the Joint Rapid Reaction Forces operated successfully in Macedonia and Afghanistan. These operations were among the first to benefit from improved

force projection capabilities, following the entry into service of four C-17 strategic lift aircraft. These aircraft were progressively delivered from 23 May 2001, and the fleet formally entered service on 30 September 2001, three months ahead of schedule. Charter arrangements ensured that three roll-on roll-off container ships were also available at short notice in 2001/02.

44. Considerable progress has been made towards the delivery of the Joint Rapid Reaction Forces. However, manpower shortfalls and the effect of the high operational tempo, continued to place significant pressure on the Public Service Agreement target of achieving operational capability by March 2003. These areas of shortfall continue to be addressed.

Joint Force Logistic Component

45. The utility of the Joint Force Logistic Component was demonstrated, both in support of operations in Afghanistan and on Exercises SAIF SAREEA II and JOINT VENTURE. The two Logistic Brigade Headquarters that have provided the basis of this Joint Force to date are not established for this task and, as such, the Component does not have a standing Headquarters or any dedicated force elements. Work was therefore instigated to improve its overall capability, particularly in the areas of readiness, deployability, and command and control. Strategic and theatre communications for the Component will continue to be provided from centrally controlled assets to maximise use of resources.

Exercises and Military Training

46. The main focus for all three Services in 2001/02 was **Exercise SAIF SAREEA II**, undertaken in Oman between September and October 2001. This was the largest UK military exercise since the 1980s, and involved around 22,500 Armed Forces personnel, together with 49

aircraft, 44 helicopters, over 4,500 vehicles (of which 547 were armoured), and a Naval task force of 21 ships, all with integrated logistic support. A further 12,800 personnel from the Sultan of Oman's Armed Forces took part.

47. This was the first time since the Gulf War that the UK had deployed a medium-scale joint task force over such a long distance, and the logistics, communications and engineering challenges were particularly significant. The large number of concurrent real-world commitments, including the start of operations in Afghanistan, exacerbated these demands. Nevertheless, the exercise provided invaluable training from unit level up to the joint task force, and identified many important lessons that will enhance the development and effectiveness of the UK's Joint Rapid Reaction Forces (see paragraphs 43-44).

48. The **Royal Navy** also undertook a number of other major exercises in 2001/02. These included: ARGONAUT 01, the pre- and post-SAIF SAREEA II exercise period for the Amphibious Ready Group; ORACLE force integration training; Exercise SEA DAGGER, an amphibious exercise with the United Arab Emirates; and Exercise BLUE GAME, a NATO littoral warfare exercise in Scandinavian waters. However, the Naval Service's role in post-11 September operations had an unavoidable impact on the exercise programme. The Royal Marines' winter deployment training was significantly reduced, as was Royal Navy participation in the NATO quadrennial exercise, STRONG RESOLVE. This was mitigated by the valuable experience gained from conducting actual operations.

49. The **Army's** annual exercise programme balances the requirement to train units to the appropriate standard against the need to provide stability for its personnel. In 2001/02, a succession of demanding combined arms exercises were

conducted to ensure that both regular and Territorial Army units met their mandated levels of readiness. Of particular note were exercises: HARDFALL, a NATO warfighting exercise in Norway; MEDICINE MAN, a series of field training exercises in Canada; and IRON ANVIL, a formation level field training exercise to deliver the Army's high readiness mechanised formations for the Joint Rapid Reaction Forces. Restrictions on activity due to the foot and mouth disease outbreak led to the cancellation of two major exercises planned for May 2001 (DRUIDS DANCE and MEDICINE MAN 1). A number of other smaller exercises in the UK and abroad were either curtailed, cancelled or reduced in scale.

50. **Royal Air Force** aircraft took part in an extensive exercise programme in North America, including RED and MAPLE FLAGS, and a major US Air Force exercise in Alaska (COPE THUNDER). Following Exercise SAIF SAREEA II, the Jaguar Force successfully participated in Exercise MAGIC CARPET alongside the Sultan of Oman's Air Force. Contributions to the Defence Diplomacy Mission included: Exercise BRIGHT STAR, a US/Egyptian-led exercise that featured the first major overseas deployment of the UK's Joint Nuclear Biological and Chemical Regiment; and Exercise INITIAL LINK in Bahrain. Adjustments to the planned programme included the cancellation of Exercise SNOW GOOSE, a Jaguar Force winter training exercise in Norway, due to reprioritisation. Participation in Exercise STRONG RESOLVE was curtailed with the withdrawal of Tornado F3 and supporting air-to-air refuelling assets for operational reasons.

51. A comprehensive list of military exercises undertaken by all three Services in 2001/02 is available on the MOD website at <http://www.mod.uk>.

Defence Policy

Objective:

- To formulate and implement Defence policy.

Performance Measures:

- Progress towards implementing the decisions of the NATO Washington Summit, including the Strategic Concept and Defence Capabilities Initiative. NATO enlargement in line with UK interests.
- Progress towards an EU that can, by 2003, rapidly deploy forces capable of undertaking the full range of peace support operations. Effective EU decision-making bodies and relations with NATO.
- Improved effectiveness of the UK contribution to conflict prevention and management.
- Formulation of an effective Defence policy to ensure that the MOD has the right concepts and plans to counter international terrorism.

Performance Assessment:

- Good progress was made on preparations for this November's NATO Summit in Prague, and the findings of the NATO Force Structure Review were in line with UK policy. Headquarters Allied Command Europe Rapid Reaction Force achieved full operating capability.
- The EU's political and military decision making structures became fully operational, although EU-NATO arrangements were not formally agreed. Whilst 104 of the 144 Headline Goal capability targets were met, all of the remaining shortfalls are unlikely to be resolved by 2003.
- The MOD undertook conflict prevention activities in support of priorities jointly agreed with the Foreign and Commonwealth Office and Department for International Development.
- A New Chapter to the Strategic Defence Review was successfully developed to a very demanding timetable, aimed at ensuring that the Armed Forces have the right concepts and capabilities to meet the challenges of the changing security context.

Performance under this Objective contributes to progress against PSA Targets 4, 5 and 6 (see Annex B)

Strategic Defence Review New Chapter

52. In the wake of the shocking events of 11 September 2001, the Secretary of State for Defence announced that work would be undertaken on a New Chapter to the Strategic Defence Review published in 1998. This looked again at the UK's defence posture and plans to ensure that the MOD has the right concepts, the right capabilities and the right forces to

meet the additional challenges that the UK now faces.

53. It was clear from the outset that the Strategic Defence Review provided a firm foundation on which to build. The direction that it set, together with lessons learnt subsequently from, for example, the Kosovo campaign in 1999, continued to be broadly right. Hence a New Chapter rather than a new Review.

54. The work was split into two distinct phases with a very demanding timetable. The first phase, from October 2001 to January 2002, set the scope of the work and identified the key issues and questions to be tackled. The outcome of this work was reflected in the discussion paper published on 14 February. The second phase that followed, more heavily focused on the potential capability and resource implications, considered a range of possible options for giving practical substance to the overall policy.

55. Work in each of the phases was undertaken by working groups led by a senior official or military officer. These groups comprised key stakeholders and individuals able to bring fresh perspectives to bear. The broad subject areas considered were strategic issues, overseas relations, deterrence, home defence and security (including the role of reservists, which is covered in paragraphs 90-92), and overseas operations.

56. A White Paper was published on 18 July 2002, setting out some conclusions and the implications for Defence plans of asymmetric threats of the kind seen on 11 September.

NATO

57. The MOD, working closely with the Foreign and Commonwealth Office, made a significant contribution to the ongoing development of NATO. Good progress was made on preparations for this November's NATO Summit in Prague, with consensus emerging among Allies on the key issues of capabilities, enlargement and adaptation. Efforts during 2001/02 led to the new NATO-Russia Council being established at the Rome Summit on 28 May. This has made a sound start, and MOD staffs are now working closely with NATO and Russian colleagues to ensure that the agreed programme is successful.

58. The NATO Force Structure Review was

approved on 1 July 2002; its findings were in line with UK policy on encouraging NATO nations to develop their deployable capability. The new force structure is now being implemented, and Headquarters Allied Command Europe Rapid Reaction Force – for which UK is the Framework Nation – was the first to be endorsed as a NATO High Readiness Force (Land) Headquarters. The spring meeting of NATO Defence Ministers initiated a review of the NATO command structure. Progress is due to be reported at the Prague Summit, with implementation commencing in 2003.

European Security and Defence

59. The EU's political and military decision making structures – Political and Security Committee, EU Military Committee, and EU Military Staffs – became fully operational in 2001/02. Although overall EU-NATO relations continued to develop, the so-called Berlin Plus arrangements – through which the EU will have assured access to NATO's planning resources and other key assets – were not formally agreed.

60. The UK continued to take a leading role in efforts to improve European military capabilities, and made a substantial offer of forces towards the Headline Goal. At a conference in November 2001, the Headline Goal target was broken down into 144 capability targets, of which 104 had been met by the end of 2001/02. A European Capabilities Action Plan was also put in place to remedy the remaining shortfalls, and the UK is involved in 17 of the 18 panels set up to address these. Some of the capability gaps will be addressed in the longer term through planned procurement programmes, so efforts are also focusing on finding interim solutions to meet the target date of 2003. The EU will be in a position to take on progressively more demanding operations as the assets and capabilities at its disposal continue to develop.

Missile Defence

61. In 2001/02, the US announced its intention to withdraw from the Anti-Ballistic Missile Treaty with effect from 13 June 2002. This allowed the US to intensify missile defence testing and led to increased consultation with allies. The UK continued its dialogue with the US and others on future US missile defence plans. On theatre missile defence, the 3-year UK programme to monitor developments in the risks posed by ballistic missiles, and the technologies available to counter them, concluded in July 2001. A summary of the final report was placed in the public domain in February 2002. There remains a need to evaluate further the potential role of missile defences as one element of a broad-ranging response to missile proliferation. Two further programmes of work are now underway.

Defence Diplomacy

62. Defence Diplomacy is one of the MOD's core missions and makes a significant contribution to preventing and resolving conflict around the world. During 2002, approximately 75 students from 40 countries will complete a seven-week "Managing Defence in a Democracy" post-graduate diploma course in the UK. Four 'export' versions of this course were held in 2001/02, in Sierra Leone (twice), Romania, and Uganda. The latter helped Uganda to prepare for a review of its defence policy and structures, which is being conducted with the assistance of our specialist Defence Advisory Team. The Defence Co-operation Forum with Pakistan met in London in February 2002, for the first time since it was suspended in 1999.

63. The Outreach programme continued to provide effective support to the defence reform process in Central and Eastern Europe, the Caucasus and Central Asia. This included the provision of UK military and civilian personnel to

advise NATO aspirant countries on the reforms necessary to prepare for membership of the Alliance. Since 11 September, programmes in support of Georgia and the Central Asian republics gained significance. In particular, UK links with Uzbekistan enabled the MOD to negotiate and secure access to facilities for personnel engaged in operations in nearby Afghanistan. By the end of 2001/02, the Russian Resettlement Project had retrained over 15,000 retired and redundant military officers, over 70% of whom had found civilian employment.

64. The MOD programme to help Russia destroy its chemical weapon stockpile achieved a key milestone with the signature of a bilateral treaty in December 2001. The subsequent signature of the Implementation Arrangement in March 2002 will allow the contract to be placed for the first project. Arms control was enhanced in January 2002 with the entry into force of the Open Skies Treaty. This allows aerial observation flights over the territory of signatory states, and is therefore a valuable confidence and security building measure.

Conflict Prevention

65. 2001/02 was the first year of the cross-Whitehall initiative for conflict prevention. This is divided between peace support operations and assistance programmes, which are themselves sub-divided into regional and functional categories. Under this initiative the MOD, Foreign and Commonwealth Office, and Department for International Development planned and undertook activities jointly, in support of agreed priorities and strategies. The MOD participated directly in regional conflict prevention initiatives in Africa, the Balkans, Central and Eastern Europe, Russia and the former-Soviet Union, and the Middle and Near East.

66. The MOD also contributed to the functional

initiatives aimed at reducing small arms proliferation. The small arms global pool amounts to some £19.5M over 3 years, and covers: weapons collection, management and destruction programmes; assistance to states in implementing regional small arms programmes; and support for civil society and policy-oriented research. Other functional programmes include enhancing the capacity of African nations to participate in peace support operations. The UK Peace Support Team (East Africa) played a key role in this by providing advice on the training needs of east African armed forces, and by supporting the Kenyan Army Peace Support Training Centre. This centre of excellence specialises in the pre-deployment training of troops about to embark on UN peace support operations. Kenyan Army combat engineers were trained at the Centre in March 2002, before deploying on UN de-mining duties.

Other Outputs

Support to British Defence Exports

67. In 2001 the UK won defence orders worth £4.2 billion. These included the sale of EH 101 helicopters to Denmark, Super Lynx helicopters to Thailand, Rapier II missiles to Switzerland, Rolls-Royce engines to a number of countries, and a wide range of equipment to the United States. Halmatic – part of the Vosper Thornycroft group – was selected to partner Abu Dhabi Shipbuilders in the construction of Fast Patrol Boats for Abu Dhabi. Following a drop in the UK's market share to 13% in 2000, this represented a significant increase to 19% in 2001, in a smaller global export market.

Resource Management

Planning and managing our resources

Annual Budget

Objective:

- To control resource expenditure within budgeted limits.

Performance Measures:

- Expenditure within Departmental Expenditure Limits; Defence budget not overspent, nor underspent by more than 1%.
- Dispose of surplus estate and equipment worth over £600M by March 2004.

Performance Assessment:

- The Department was within 1% of its expenditure limits at the end of the year.
- Asset disposals realised over £200M in 2001/02.

Performance under this Objective contributes to progress against PSA Target 8 (see Annex B)

Defence Budget and Defence Spending

68. 2001/02 was the first year of managing the Defence budget under the new Resource Accounting and Budgeting regime. Performance against the Voted Provision is shown in Table 3. The total provisional underspend of £169M against the Department's Expenditure Limits – less than 1% of the budget – was a significant achievement, and is available to be carried forward to 2002/03 under agreed end-year flexibility rules.

69. 2001/02 was also the first year in which the net additional costs of operations were both assessed on a resource basis and recorded against the Conflict Prevention Budget (see Table 4). The participation of UK Armed Forces in a wide range of concurrent operations added to the complexity of the accounting task.

70. The Request for Resources outturn for Armed Forces Retired Pay and Pensions was £1,382M, representing an underspend of £22M against the Estimates provision of £1,404M. This is classed as Annually Managed Expenditure and

is not therefore included in the Departmental Expenditure Limits.

71. The overspend against Net Resources, shown in Table 5, relates mainly to a series of decisions taken towards the end of the year and after year end that led to a reduction in the service potential of a variety of assets (impairment), in particular Sea Harrier, Skynet satellites, submarines, and a range of other smaller changes to fighting equipment and capital spares holdings. However, this was offset by a change in accounting treatment with respect to Major Refits and Overhauls of ships (FRS 15) which resulted in these costs being capitalised rather than expensed.

72. Outturn against the Net Cash Requirement, also shown in Table 5, was well within the final provision. This was due to a combination of factors, including the slippage of some significant cash payments into 2002/03. It also reflected uncertainty about the impact on the Department's cash spend of the transition to resource accounting. The principal operating costs for 2001/02 are set out in Table 6.

Table 3: Defence Budget Outturn against Voted Provision 2001/02 (£ Million)			
	Final Voted Provision	Outturn	Variation
Resource Departmental Expenditure Limit ^[1]	18,480	18,411	-69 ^[3]
Capital Departmental Expenditure Limit ^[2]	5,595	5,495	-100 ^[3]
Notes:			
^[1] Includes all operating costs and cash expenditure provisions, less non-cash items such as depreciation and interest on capital. Excludes expenditure on Conflict Prevention activities (see Table 4).			
^[2] Includes all expenditure on fixed assets, less the income from the sale of such assets. Excludes expenditure on Conflict Prevention activities (see Table 4).			
^[3] Reported in the Public Expenditure Outturn White Paper (CM 5243) and is provisional.			

Table 4: Conflict Prevention Budget Outturn against Departmental Expenditure Limits (DEL) 2001/02 (£ Million)			
	DEL	Outturn	Variation
Resource Departmental Expenditure Limit	554	494	-60
Capital Departmental Expenditure Limit	61	56	-5

Table 5: 2001/02 Parliamentary Controls (£ Million)			
	Final Voted Provision	Outturn ^[1]	Variation
Net Resources ^[2]	31,723	32,282	+559
Net Cash Requirement	25,914	24,874	-1,040
Notes:			
^[1] Derived from the Departmental Resource Accounts 2001/02.			
^[2] Includes Resource Departmental Expenditure Limit and Annually Managed Expenditure (e.g. depreciation and cost of capital), less Resource Appropriation-in-Aid (e.g. profit/loss on disposal of capital items and stock) and cash expenditure on provisions.			

73. Overall, enormous progress was made in 2001/02 to establish new processes and develop a greater understanding of the MOD's cost base, particularly with respect to stock and non-cash costs (e.g. depreciation and cost of capital). As the Department develops this understanding further, the full range of resource-based information will be utilised to illuminate performance across the Balanced Scorecard, thereby improving further the way MOD conducts its business. Further information on the financial performance of the MOD is contained in the Departmental Resource Accounts 2001/02.

Efficiency

74. 2001/02 was the fourth and final year of the efficiency target set as part of the

Comprehensive Spending Review 1998. Over the past four years the MOD achieved cash efficiency savings totaling £1.7 billion across the spectrum of support activities (see Table 7). This is a very creditable achievement, especially when considered against the background of a higher than expected level of operations throughout the period, particularly in Kosovo, Sierra Leone and Afghanistan. This increased efficiency has freed considerable resources for re-investment in high priority areas across Defence.

75. The introduction of RAB has had a fundamental impact on the way MOD manages all its activities, including the measurement of efficiency in resource rather than cash terms. This meant focussing on sources of increased resource efficiency, which did not necessarily score under the

Table 6: 2001/02 Principal Operating Costs ^[1]	
Categories	(£ million)
Expenditure on Personnel	
Service	7,014
Civilian	2,442
Other Expenditure	
Property management	1,222
Equipment support	2,419
Stock consumption	1,294
IT and communications	527
Depreciation and amortisation	6,121
Other costs and services ^[2]	7,041
Total	28,080
Notes:	
^[1] The figures used in this table were derived from the Departmental Resource Accounts 2001/02.	
^[2] Includes movements, accommodation charges, professional fees, research expenditure, and impairment on fixed assets.	

cash-based measurement system. For example, the DLO devoted considerable effort to disposing of surplus assets, which generated a reduction in resource operating costs (through lower depreciation and cost-of-capital charges) but did not directly reduce cash expenditure. MOD's cash efficiency savings during 2001/02 amounted to £240 million. If non-cash savings in the DLO were also taken into account, this rose to over £380M; and to over £2 billion for the four-year period as a whole (see Table 7)

- As in previous years, the efficiencies achieved in 2001/02 were the result of several hundred individual measures, including rationalisations, adoption of improved working practices and more cost-effective arrangements with the private sector. For example: the continued reorganisation of the Naval Training facilities and estate realised over £3M of efficiency savings.
- In Northern Ireland the Army and the Air Force made considerable cost savings through joining up separate messes at RAF Aldergrove.
- The Army generated over £2M through the successful marketing of spare training capacity

to Commonwealth and other Foreign Governments.

- The Royal Air Force marketed Hercules transport aircraft simulator facilities to other nations' air forces.
- The Permanent Joint Forces Headquarters realised over £1M of efficiency savings through the overhaul of its payment systems and the better use of spare capacity.
- Ideas submitted in 2001/02 led GEMS, the Department's award-winning staff suggestion scheme, to make an important contribution (£13M) to efficiency savings.

76. Over 60% (£155M) of the new efficiency savings for 2001/02 were found in the Centre and Support areas of the MOD. In particular, continuing efficiency and business improvement initiatives in the Defence Logistics Organisation realised savings of over £100M; when the DLO's resource efficiencies are taken into account, this figure rises to £250M.

77. Building on the substantial achievements described above, three important reforms were developed during 2001/02. First, the Secretary of

State for Defence set up a Change Delivery Group to drive performance improvement throughout the Department (see paragraph 132). Second, a new programme of business process reviews was established (see Annex C, paragraph 9). Finally, performance-improvement targets were set for the key cost-driving processes within Defence. These targets align closely with internal management processes and allowed a new efficiency reporting mechanism to be developed which captures output gains as well as input savings. This system will form the basis for future efficiency reporting, and will be explained in more detail in next year's Performance Report.

Estate Disposals

78. Defence Estates realised disposal receipts of £810M – from the sale of about 700 sites – over the four year period to March 2002, exceeding the target of £700M. This was a significant achievement, particularly as the total value of surplus sites identified at the time of the Strategic Defence

Review fell short of the target. For 2001/02, gross receipts from the sale of surplus land and property amounted to £165M in cash terms and £184M on a resource basis. Major sites sold during the year included Burscough Depot, Stirling Lines, Royal Air Force Locking, Aston Down, and Thatcham.

Equipment Disposals

79. The Disposal Services Agency achieved receipts of £28M from the sale of surplus Government-owned equipment and stores in 2001/02, against a target of £40M. This difference was accounted for by the retention of some equipment previously nominated for disposal (e.g. HMS CROMER, BAE 146 aircraft and Gazelle helicopters), which was not therefore available for sale. However, a key success was the signing of a Government-to-Government Letter of Intent with Romania, for the sale of two Type 22 frigates (HMS COVENTRY and HMS LONDON). This will bring work worth £75M to the UK defence industry over the next two years.

	1998/99	1999/2000	2000/01	2001/02 ^[3]
Cumulative savings target (£ Million) ^[2]	505	998	1,499	2,014
Cumulative savings target (cash + resource, £ Million)	594	1,126	1,549 ^[4]	2,012
Cumulative savings achieved (cash only, £ Million)	594	1,126	1,461 ^{[4][5]}	1,742 ^[5]
Cumulative achievement (cash + resource) expressed as a percentage of the cumulative target	118%	113%	103%	99.9%
Cumulative achievement (cash only) expressed as a percentage of the cumulative target	118%	113%	97%	86%
Notes:				
^[1] Cumulative figures include year on year inflation, based on HM Treasury's 1998 forecasts, and indicate efficiency savings from the MOD's annual operating cost against the 1997/98 baseline position.				
^[2] Equivalent to savings of 3% per year (3.3% for 1998/99) against the efficiency baseline.				
^[3] Final achievement is still being validated and may be subject to change.				
^[4] Figure has changed from £1472M in previous Performance Report as a result of further validation of savings achieved.				
^[5] Since 2000, efficiencies have been sought on a resource basis, not all of which score under a cash-based measurement system.				

Manning Levels

Objective:

- To achieve broad manning balance within each Service, and to recruit and retain sufficient civil servants.

Performance Measures:

- Royal Air Force at full manning from 2001/02. Royal Navy/Marines at full manning by 2002/03. Army at full manning by 2005. Full manning defined as +1%/-2% of the trained requirement.
- Percentage variance from the trained requirement in key areas of shortfall, for all three Services.
- Separated service within target levels for the Navy, Army and Air Force.
- 5% of all Armed Forces recruits to be from ethnic minorities. Progress towards ethnic minority, gender and disability targets for the Civil Service.

Performance Assessment:

- Progress towards the manning levels target remained unsatisfactory, despite some improvement in 2001/02. On 31 March 2002, only the Air Force was within the tolerance band for full manning, with a deficit of 1.4% against the trained requirement. The Navy and Army shortfalls were 4.3% and 5.7% respectively, although the latter was only 0.7% adrift of the Army's interim target.
- All three Services continued to experience critical shortages in certain categories, with year-end deficits of up to 40% in some specialisms. Major initiatives are in place to address these weaknesses.
- The Army achieved its target of a 24-month average tour interval, with the exception of some Infantry battalions. 5.7% of the Air Force spent more than 140 days on deployment in 2001/02. There were no cases of Navy ships or submarines being away from their base port for more than 60% of the time.
- Whilst 5.6% of Army recruits were from ethnic minorities, the Navy and Air Force remained well short of the 5% target despite a minor upturn over the year. Representation of women and ethnic minorities in the Senior Civil Service reduced, although this was offset by an improvement at other levels.

Performance under this Objective contributes to progress against PSA Target 2 (see Annex B)

Service Manning

80. Tables 8, 9 and 10 show the overall strength of the Armed Force and the inflow and outflow to and from UK regular forces (i.e. recruitment and retention). In 2001/02, the total intake to the Armed Forces was 23,575 personnel, which equated to 95% of the overall recruitment target (compared to 90% in

2000/01). The Naval Service, Army and Air Force achieved 99%, 94% and 91% respectively, although all three Services experienced more serious recruitment shortfalls in specific areas. A total of 24,590 Service personnel (trained and untrained) left the Armed Forces in 2001/02.

81. At the end of 2001/02, the **Royal Navy** and **Royal Marines** had a shortfall of some

1,690 personnel against the trained strength requirement (a deficit of 4.3%). This represented an improvement on the position at the start of 2002, when the deficit was 5.3%. This was achieved by bearing down on the naval manning requirement, a healthy recruiting performance, selective extensions to service, the wider use of full time reservists, and the implementation of targeted financial initiatives. Manpower shortages were most critical for Sea Harrier and Lynx pilots, submarine warfare officers and ratings, and Royal Marines other ranks. In addition to the measures outlined above, the introduction of TOPMAST – the Royal Navy's programme to make more efficient use of manpower – should help to address these specific shortfalls.

82. By 31 March 2002, the **Army** had a shortfall of 6,070 personnel against the trained strength requirement, a deficit of 5.7%. This was only 0.7% adrift of the Army's interim target, an improvement that reflected an increase in retention and a considerable reduction in the overall requirement. The exit rate for non-commissioned ranks improved slightly (from 6.4% to 6%), and for officers deteriorated marginally (from 4.2% to 4.3%). Significant manpower shortages remained within the Infantry, Royal Artillery, Royal Electrical and Mechanical Engineers, and Royal Signals. The Army will introduce a new system to monitor individual levels of separated service from March 2003. This will enable the impact of operations on family life – a key factor affecting retention – to be managed more effectively.

83. Overall, the **Royal Air Force's** manpower position improved in 2001/02. The manning deficit dropped to 1.6% of the requirement by 31 March 2002, which was within the tolerance band for full manning. This was due to a reduction in the trained requirement, following a review of



In 2001/02, the total intake to the Armed Forces was 23,575 – 95% of the overall recruitment target.

established posts, and an increase in retention. The average exit rate for Royal Air Force officers was 2.7% of the trained strength, and for other ranks 4.5%. Shortages of junior officer pilots and navigators, engineering officers, medical officers, airman aircrew, ground electronic trade personnel, chefs and drivers were of particular concern. A number of initiatives were introduced to address these gaps, including: targeted recruitment campaigns; Financial Retention Initiatives for aircrew; and a re-engagement package for junior ground trade personnel. These measures were beginning to take effect.

84. Manning continued to be a serious problem for the **medical services**, with an overall shortfall of 23% by 31 March 2002. Areas of particular difficulty were general surgeons, orthopaedic surgeons, accident and emergency specialists, general physicians, and anaesthetists. However, recruitment targets for medical cadets and trainee nurses were increased and attracted a good response. The recruitment of fully trained individuals, particularly in the critical shortage areas, also continued. A Medical Manning and Retention Review was initiated in early 2002 to develop policies that will help improve medical and dental officer recruitment and retention. All operational commitments were met, but to avoid overstretch for regular personnel it was necessary to deploy some reservists on a voluntary basis.

Table 8: Strengths and Requirements of UK Regular Forces ^[1]

	Royal Navy/Royal Marines			Army			Royal Air Force		
	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02
Trained requirement	39,860	39,900	39,180	108,300 ^[2]	108,300	106,970 ^[3]	51,900	51,590	49,990
Trained strength	38,880	38,540	37,490	100,330	100,380	100,900	51,210	50,110	49,200
Variation	-990	-1,360	-1,690	-7,970	-7,920	-6,070	-690	-1,490	-790
Untrained strength ^[4]	4,310	4,400	4,860	13,870	13,580	13,890	3,720	3,850	4,120
Total UK Regular Forces	43,190	42,940	42,350	114,210	113,960	114,790	54,930	53,960	53,320

Notes:

^[1] On 31 March. Figures are individually rounded to nearest ten and may not sum precisely to the totals shown. Figures include trained UK regular forces, trained Gurkhas, Full Time Reserve Service personnel and Nursing Services personnel.

^[2] Previously assessed post-Strategic Defence Review requirement for 1 April 2005.

^[3] Regular Army Liability Baseline (reviewed annually) for 1 April 2006.

^[4] Army figures include untrained regulars and untrained Gurkhas.

Table 9: Intake to UK Regular Forces ^[1]

	Royal Navy/Royal Marines			Army			Royal Air Force		
	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02
Officer intake	410	450	415	1,040	870	820	485	440	450
Other rank intake	4,545	4,175	4,605	15,440	13,840	13,960	3,615	3,195	3,885
Total intake	4,955	4,625	5,020	16,480	14,710	14,780	4,095	3,630	3,785

Notes:

^[1] Does not include Full Time Reserve personnel, Gurkhas or the Home Service battalions of the Royal Irish Regiment. Figures are individually rounded to nearest five and may not sum precisely to the totals shown.

Table 10: Outflow of UK Regular Forces ^[1]

	Royal Navy/Royal Marines			Army ^[2]			Royal Air Force ^[2]		
	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02
Officer outflow	570	480	530	1,080	1,140	1,075	600	655	675
Other rank outflow	5,225	4,530	5,220	15,010	14,005	13,240	4,020	4,025	3,885
Total outflow	5,795	5,010	5,745	16,090	15,140	14,315	4,620	4,680	4,530

Notes:

^[1] These figures include outflow from the untrained strength. Figures are individually rounded to nearest five and may not sum precisely to the totals shown.

^[2] Does not include Full Time Reserve Service personnel or, for the Army, Gurkhas or the Home Service battalions of the Royal Irish Regiment.

Service Equal Opportunities and Diversity

Equal Opportunities

85. A review of the Armed Forces' equal opportunities policy and goals was completed in 2001/02. This led to a new policy that reflects

the increased emphasis on promoting diversity, and which more clearly defines diversity in a military context. The supporting action plan contains top-level objectives and performance measures designed to provide a better strategic focus and enable senior management to assess

progress more accurately. The Tri-Service Equal Opportunities Training Centre at Shrivenham provided training for 168 senior officers and 793 Equal Opportunities Advisers during 2001/02.

86. The proportion and number of women serving in the UK regular forces increased slightly during 2001/02. On 31 March 2002, women made up 8.3% (17,040) of Armed Forces personnel compared to 8.1% (16,690) in April 2001. The Secretary of State for Defence announced the outcome of the study into the suitability of women for employment in close combat roles. This concluded that the case had not been made for lifting the current restrictions on women serving in the Royal Marines General Service, the Household Cavalry and Royal Armoured Corps, the Infantry and the Royal Air Force Regiment. The MOD continues to work with the Equal Opportunities Commission on the wider issues raised by the study.

87. In August 2001 a full survey of the ethnic origin of all Service personnel (including those who enquire, apply or are selected to join) commenced, in line with the revised ethnic origin categories contained in the 2001 Census. Although the results of this survey were not available at the time of going to press, on 1 October 2001 1.7% (3,486) of the Armed Forces were recorded as being from ethnic minorities.

Ethnic Minority Recruiting

88. The 2001/02 target was for 5% of all Armed Forces recruits to come from the UK's ethnic minority communities. There has been a steady year-on-year increase in the numbers of ethnic minority recruits since targets began in April 1998. By April 2001, the annual overall percentage of ethnic minority recruits had more than doubled to 2.9%. Interim data (pending the outcome of the above survey) indicated that this upward trend continued in 2001/02, with the

Army attaining the 5% goal and the Naval Service also improving their performance.

89. All three Services have specialist Ethnic Minority Recruiting and Diversity Action Teams aimed at promoting Armed Forces careers to ethnic minority communities. These Teams continued to build on the partnerships forged with secondary schools, local boroughs, councils, community organisations, religious organisations and the media across the country. The Royal Air Force also launched a series of regional recruiting campaigns in 2001/02.

Reserves

90. Reserve forces continue to play a vital role both in overseas operations and in the defence of the UK. During 2001/02, reservists were deployed in Bosnia and Kosovo (where they provided around 10% of the total UK forces), Turkey, Kuwait, Sierra Leone, Afghanistan and the UK. In many cases, reservists filled critical functions in the areas of intelligence, signals, logistics and medical support. A breakdown of reserve manpower strengths is shown in Table 11.

91. The New Chapter to the Strategic Defence Review (see paragraphs 52-56) considered whether the role of Volunteer Reserves could be extended to provide assistance to the civil authorities in the event of a crisis. Initial proposals were outlined in a discussion document published in June 2002, "The Role of Reservists in Home Defence and Security", which covered the three key issues below.

- The provision of additional staff to enhance command and control in regional headquarters;
- An improved deployable element to the MOD's national communications infrastructure; and

- The development of Volunteer Reserve regional reaction forces.

The ensuing public consultation process – which attracted a wide and largely positive response – ended in September.

92. Following on from the successful use of Sponsored Reserves in the Royal Air Force’s Mobile Meteorological Unit, several similar initiatives were pursued. The recruitment and training of some 90 Sponsored Reserves began for the Heavy Equipment Transporter programme (see paragraphs 122-123), and a contract for the provision of hydrographic services on military survey vessels – which will utilise Sponsored Reserves – was awarded. Under the contract for roll-on roll-off ferries, all of the 184 crews will be Sponsored Reserves.

Civilian Manning

93. The Department employed 92,985 UK based civilian staff on 1 April 02 (including those in Trading Funds). All recruitment is based on fair and open competition and selection on merit, in accordance with the guidelines laid down by the Civil Service Commissioners. Compliance with this guidance is subject to internal check and external audit by independent consultants acting on behalf of the Commissioners. A breakdown of Senior Civil Service Salaries is available on the MOD website at <http://www.mod.uk>.

Civilian Equal Opportunities and Diversity

94. Representation of women and ethnic minorities in the Senior Civil Service reduced in 2001/02, as shown in Table 13, putting the targets for 2005 in some doubt. This was primarily due to a number of medical consultants reaching the end of their fixed term appointments. However, the steady increase in numbers in the ‘feeder’ management grades (Tables 14 and 15) bodes well for the future and suggests that the overall approach is beginning to bear fruit, albeit slowly. The situation was reversed in the case of disabled personnel, where an encouraging increase in representation in the Senior Civil Service was not matched in the more junior grades. Particular diversity achievements in 2001/02 included:

- Completion of a disability survey of all MOD civilian staff, with follow-up action to ensure that those who declared themselves as disabled were receiving the appropriate support and facilities;
- A pilot development scheme – “Women at the Threshold” – for women seeking to enter junior management;
- The expansion of childcare provision for MOD employees. The MOD was selected as a finalist in the prestigious ‘Opportunity Now’ awards for organisations that had supported women in the workplace. Over half the

Table 11: Reserve Manpower Levels ^[1]

	Regular Reserves			Volunteer Reserves		
	1999/00	2000/01	2001/02	1999/00	2000/01	2001/02
Total Manpower	241,300	234,700	224,690	52,400	43,300 ^[2]	43,100
Notes:						
^[1] As at 31 March, and rounded to nearest hundred.						
^[2] Revised figures.						

childcare places available in the Civil Service were provided by the MOD; and

- Development of a strategic partnership with four London colleges to identify ways of

promoting employment and career opportunities for ethnic minority college and school leavers.

Table 12: Civilian Recruitment

	1999/00		2000/01		2001/02	
	Non-Industrial	Industrial	Non-Industrial	Industrial	Non-Industrial	Industrial
Total number of staff recruited ^[1]	5,300	2,335	4,662	2,220	4,754	1,848
Number and percentage of women recruited	2,684 (50.6%)	502 (21.4%)	2,398 (51%)	659 (29.6%)	2,473 (52%)	455 (24.6%)
Number and percentage of ethnic minorities recruited ^[2]	177 (3.3%)	24 (1%)	144 (3%)	29 (1.3%)	165 (3.4%)	20 (1%)
Number and percentage of people with disabilities recruited ^[2]	124 (2.3%)	25 (1%)	78 (1.6%)	32 (1.4%)	116 (2.4%)	21 (1.1%)
Number of casual appointments extended beyond 12 months ^[3]	29	8	0	0	9	29
Number of re-appointments	146	9	98	17	88	17
Number of short term appointments with highly specialised skills required ^[4]	18	12	9	12	3	13
Number of fixed term appointments extended beyond originally advertised date, including conversions to permanency ^[5]	22	7	7	1	172	1
Number of fixed term appointments of over 12 months where open competition has been waived	164	6	0	2	31	0
Number of transfers of staff without work ^[6]	5	0	4	0	13	0
Number of Inward loans ^[7]	1	0	9	0	11	0
Number of extended inward loans	0	0	0	0	3	0
Number of disabled candidates appointed under modified selection arrangements	17	4	8	7	4	1
Number of appointments under the Government's Welfare to Work – New Deal programme to assist the long-term unemployed ^[8]	32	9	7	9	4	0

Notes:

^[1] Figures for 2001/02 exclude recruitment to Trading Fund Agencies.

^[2] Figures are compiled from questionnaires returned by individual recruits.

^[3] The majority of these extensions were to meet short-term requirements to cover for closures. Fair and open competition has been used wherever possible.

^[4] This shows the number of staff recruited where the requirement was short term and required specialist skills and where holding an open competition would not have identified any further candidates.

^[5] Figures for 2001/02 include Retired Officers whose FTAs have been extended.

^[6] This excludes transfers from public bodies staffed exclusively by civil servants.

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

^[8] An exception approved by the Commissioners following the launch of the Governments Welfare to Work – New Deal Programme. Figures exclude those New Deal candidates recruited through normal open and fair competition.

Table 13: Women, Ethnic minorities and Disabled Percentage of Total Senior Civil Servants in the Ministry of Defence (%)

	2000/01 Target	2000/01 Achievement	2001/02 Target	2001/02 Achievement	2005 Target
Women	8.0	8.4	9.0	7.9	15
Ethnic minorities	2.6	2.3	2.7	0.8	3.2
Disabled	0.6	1.3	1.0	1.5	2.0

Table 14: Women, Ethnic minorities and Disabled Percentage of Band B Civil Servants in the Ministry of Defence (%)

	2000/01 Target	2000/01 Achievement	2001/02 Target	2001/02 Achievement	2005 Target
Women	12.0	12.1	13.0	12.6	16.0
Ethnic minorities	2.0	1.6	2.2	1.8	3.0
Disabled	2.5	2.4	2.8	2.2	4.0

Table 15: Women, Ethnic minorities and Disabled Percentage of Band D Civil Servants in the Ministry of Defence (%)

	2000/01 Target	2000/01 Achievement	2001/02 Target	2001/02 Achievement	2005 Target
Women	32.0	30.0	34.0	33.0	40.0
Ethnic minorities	2.0	1.4	2.5	1.7	4.0
Disabled	5.0	5.3	5.3	5.0	6.0

Defence Estate

Objective:

- To have an estate of the right size and quality, effectively and efficiently managed.

Performance Measures:

- Identify core Defence estate sites by the end of 2002, to ensure that the size and quality of the Defence estate matches MOD's needs.
- Reduction of through-life costs and timescales involved in building projects.
- Quality of Single Living Accommodation and Service Family Accommodation.

Performance Assessment:

- Categorisation of Defence estate sites was 40% complete at the end of 2001/02, and remained on course for completion by October 2002.
- Tenders for Project SLAM (Single Living Accommodation Modernisation) and Regional Prime Contract Scotland were received in March and April 2002 respectively; on track to appoint both prime contractors in 2002/03.
- The target to upgrade 2,400 family properties in 2001/02 was exceeded by over 50%, with the Defence Housing Executive upgrading a total of 3,870 properties to Standard 1 for condition. However, there remained a high proportion of grade 3 and 4 Single Living Accommodation in all three Services.

Performance under this Objective contributes to progress against PSA Targets 2 and 8 (see Annex B)

Service Accommodation

95. The £1 billion programme to upgrade Single Living Accommodation across all three Services by 2011/12 will be met primarily through two prime contracts – one for England and Wales known as project SLAM (Single Living Accommodation Modernisation), and the other for Scotland as part of the Regional Prime Contract Scotland. Tenders for project SLAM were received in March 2002, and the prime contractor is due to be appointed in autumn 2002, with work starting in 2003/04. The target for the appointment of the prime contractor for Scotland is late 2002. Parallel programmes are also being pursued for Northern Ireland (Project Challenger), Germany (Project

Puma), Gibraltar and Cyprus, where the first 60 bedspaces were recently completed.

96. The Defence Housing Executive continued to make good progress on its programme to improve the condition of Service Family Accommodation, upgrading a total of 3,870 properties to Standard 1 for condition in 2001/02. Over 19,000 family properties are now at this Standard, and 90% of Service families in Great Britain are in housing at Standard 1 or 2 for condition. Two further Private Finance Initiative contracts, which will provide 567 Service family houses, were signed in 2001/02.

Estate Strategy

97. January 2002 saw the publication of the first Stewardship Report on the Defence Estate. This annual document set out progress against the objectives in the Estate Strategy and covered the MOD's overall management of its estate. Also published that month was the Appraisal Handbook for Sustainability and the Environment. The Core Sites project is now undertaking a second screening of estate data, with a view to categorising all of the Defence estate by the end of 2002. Effective consultation with a wide range of stakeholders led to publication of a revised "Walks on MOD Land" booklet, demand for which has been high following numerous mentions in the general and specialist press.

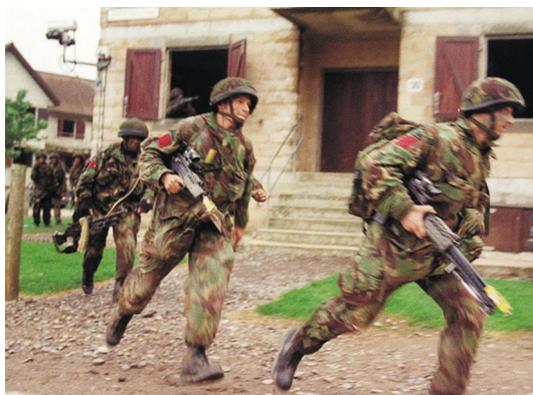
Prime Contracting

98. Defence Estates continued to take a leading role in the Government's Achieving Excellence initiative to improve the performance of the construction industry. The Prime Contracting initiative aims to deliver better value for money through streamlined estate contracts and longer

term collaborative relationships with prime contractors and their supply chains. By the end of March 2002 three contracts had been awarded for capital projects: the Faslane submarine berthing facility; DLO Andover North Site Redevelopment; and Tidworth Primary Healthcare Centre. Twelve other capital projects were underway. The five Regional Prime Contracts, worth up to £3 billion over seven years, will be a profound shift in the way the MOD procures property maintenance and smaller works projects in the UK.

Project Alexander

99. Work continued to establish a clearer customer-supplier relationship within the MOD and thus improve management of the Defence estate. In June 2001 the Defence Management Board decided to establish a new structure comprising a demand-side of estate users (deciding requirements, priorities and funding levels) and a single supply-side agency to deliver coherent and cost-effective solutions across Defence. These new management structures are being developed, and will go live on 1 April 2003.



A facility on Salisbury Plain for training to fight in built-up areas.

Reputation

Objective:

- To enhance the MOD's reputation among the wider UK public and its own people.

Performance Measures:

- MOD and UK Armed Forces' reputation among UK public.

Performance Assessment:

- The MOD and Armed Forces continued to enjoy a high and mainly positive profile. At the end of a year dominated by events in Afghanistan, 94% of the public agreed that the work of the MOD and Armed Forces is important, and 84% agreed that they make the world a safer place. However, not all of the survey results were so positive; only 47% agreed that the Armed Forces are well equipped, and just 36% concurred that the Armed Forces make a positive contribution to local communities.

Communicating the Work of the Department to the Public

100. The events of 11 September, and the ensuing campaign against international terrorism, dominated 2001/02. The UK's key role in operations in Afghanistan attracted widespread support, which was reflected in public attitude surveys. Positive media coverage was also received for other high profile operational tasks and exercises during the year – continuing work in Bosnia, the collection of weapons in Macedonia, Exercise SAIF SAREEA II in Oman, and the Armed Forces' involvement in containing the Foot and Mouth outbreak. Particularly welcome was the increased proportion of the public who agreed that the MOD promotes its best people regardless of race, gender, religion or sexual orientation, up from 43% to 54%. On the downside, continuing negative press coverage of some MOD equipment resulted in a further reduction in those who believed that the UK Armed Forces are well equipped – from 54% to 47%. However, this was the only Defence message that experienced a significant fall in public support over 2001/02.

101. The MOD Internet site was relaunched in 2001/02, and one of its 25 associated websites – "We Were There" – won a 'Race for Media Award' hosted by the Commission for Race Equality. The three single-Service websites also continued to develop and enlarge. By March 2002 there were over 750,000 page views per month on the MOD websites.

102. Recognising the need to raise the profile of the MOD and Armed Forces with the younger generation, in March 2002 an adviser was appointed to develop a schools initiative aimed at 14-15 year olds. The scheme, which will see the creation of a 'schools website' and presentation based around the National Curriculum, will be piloted during the autumn of 2002 in 30 schools across the country.

103. The MOD produced two policy papers, on the subjects of Defence Diplomacy and Defence Acquisition, and a further document explaining the Defence Aim. A number of the MOD's 40 fact sheets were updated and a new publication was added – "Defence Matters", a concise, accessible publication designed to appeal to the

younger audience. The Defence Tourer once again travelled around the UK, raising the public's awareness of the MOD and Armed Forces. It was visited by over 103,500 people at a more varied range of venues than in previous years, including the Bradford Mela, shopping centres and air shows.

104. Consultation exercises undertaken in 2001/02 included the Reviews of the Armed Forces Pension Scheme and compensation

arrangements (see paragraph 136), the second consultation on the introduction of a voluntary screening programme for depleted uranium (see paragraph 142), and the MOD Police Quinquennial Review. On the New Chapter to the Strategic Defence Review (see paragraphs 52-56), a discussion document was published and a consultation exercise undertaken to discuss the role of Reservists in Home Defence and Security (see paragraph 91).

Enabling Processes

To be organised as well as we can be

Training

Objective:

- To improve individual training and education to support changing operational and business needs.

Performance Measures:

- Progress on implementing the recommendations of the Defence Training Review.

Performance Assessment:

- By the end of March 2002, 52 of some 200 Defence Training Review recommendations had been implemented, including the creation of the UK Defence Academy. However, pending resolution of funding issues, progress slowed on other key improvements such as the establishment of a Director General Training and Education organisation, and the programme to rationalise specialist training.

Defence Training Review

105. The Defence Training Review's recommendations aim to deliver an individual training and education system that is better integrated, more closely aligned to operational and business needs, responsive to change, and cost-effective. This will ensure that Service and civilian personnel receive the training they need to meet the challenges of the future. Key elements of this work are being scrutinised by the recently formed Change Programme Delivery Group (see paragraph 132).

106. Overall progress on implementing the Review was overseen throughout 2001/02 by a Ministerial Steering Group. By the end of March 2002, work had been completed on 52 of some 200 Review recommendations. Key achievements included:

- The UK Defence Academy at Shrivenham was established on 1 April 2002 as a national and international centre of excellence for postgraduate education and research;
- Project Definition was completed for the rationalisation of specialist training and its

associated estate, with a view to delivering a significant proportion of specialist training in new Defence Schools rather than on a single Service basis. There are encouraging signs of industry interest in a Public Private Partnership solution;

- Work to establish the Defence Sixth Form College remained on schedule. The initial universities to participate in the Defence Undergraduate Bursary Scheme, Southampton and Newcastle, were selected. The first students arrived in September 2002;
- Implementation of the e-Learning Strategy made good progress, with work underway to make training available over the Internet and MOD Intranet. This will provide single icon access to all e-learning across the Department from July 2003, using a managed service over the MOD's IT infrastructure;
- A Defence Accreditation Board was established to further the aim of accrediting training wherever possible; and
- The first annual Strategic Plan for Defence

Individual Training and Education was developed and subsequently endorsed by the Defence Management Board in May 2002. Its aim is to ensure that top-level operational and business objectives are reflected in coherent training and education policies.

delayed the establishment of the Director General Training and Education organisation – another of the Review’s key recommendations – which will drive forward the modernisation of Defence training and education. These uncertainties also contributed to a delay in initial approval of the outline business case for the programme to rationalise specialist training.

107. However, uncertainties over funding

Logistic Support

Objective:

- To provide more responsive and integrated logistic support at reduced cost.

Performance Measures:

- Proportion of logistic support outputs delivered by the Defence Logistics Organisation.
- Progress on implementing the key initiatives contained in the Defence Logistics Organisation’s Business Change Programme.

Performance Assessment:

- The Defence Logistics Organisation delivered 96% of the logistic support outputs identified in its Customer Supplier Agreements, narrowly missing the 98% target, and continued to address remaining areas of weakness.
- Work focused on realising benefits from continuous improvement initiatives, while the Business Change Programme was restructured.

Performance under this Objective contributes to progress against PSA Target 8 (see Annex B)

Defence Logistics Organisation

Logistic Support

108. The Defence Logistics Organisation maintained its operational focus throughout this challenging year, meeting all of its customers operational demands, both pre-planned, such as Exercise SAIF SAREEA II, and short-notice, such as operational deployments in Afghanistan. The Defence Logistics Organisation also supported other operations worldwide, such as in Iraq, the Balkans and Sierra Leone. The support provided was for extended periods to Forces in a wide

range of roles, far from their home base, and in often challenging environments.

109. Additionally, the Defence Logistics Organisation worked alongside the FCO and DfID to provide equipment for other governments, including clothing for the new Sierra Leone Army and Landrovers for the Royal Nepalese Army.

Business Change Programme

110. The Defence Logistics Organisation continued to work towards its strategic goal of



In 2001/02, the DLO achieved inventory reductions of over £5 billion.

realising a 20% reduction in output costs by 2005 while maintaining and, where possible, improving the delivery and quality of its outputs. Since March 2000, the Organisation made a 5.6% output efficiency saving in resource terms (2.4% on a cash basis). A wide range of major initiatives are in place to deliver the necessary efficiencies, and these focus on unifying the logistics organisation and its systems, spreading best practice, maximising the benefits of Smart Acquisition, and adopting a common approach to industry. Notable highlights in 2001/02 included:

- Creation of the Warship Support Agency, bringing together the Ships Support and Naval Bases and Supply Agencies;
- Establishment of a single supply chain organisation, responsible for the provision of key commodities and services on a Defence-wide basis;
- Implementation of cost management and 'lean support' initiatives, which identified planned savings of over £900M;
- Formation of a Non-Project Procurement Office, producing savings of £77M;
- Inventory reductions of over £5 billion (in Gross Book Value);
- A business process review, which led to a reduction of almost 1,000 posts in Headquarters; and
- Establishment of partnership arrangements to improve relationships with key suppliers.

Medical Support

111. Good progress continued to be made on implementing the strategy for the Defence Medical Services. The Royal Defence Medical College closed at the end of March 2002, following the transfer of many of its functions to the Royal Centre for Defence Medicine in Birmingham. University Hospital Birmingham is now the principal receiving hospital for patients routinely aeromedically evacuated to the UK.

112. MOD Hospital Unit (Portsmouth) was established on 1 April 2001, when the Portsmouth Hospitals NHS Trust assumed responsibility for most clinical activity at Royal Hospital Haslar. Close co-operation continued with the Department of Health and NHS on the provision of medical services in the Portsmouth area, and Haslar was selected to host one of the new NHS Diagnostic and Treatment Centres. This facility opened on 2 April 2002.

113. Building on initiatives to provide accelerated access to hospital treatment for personnel in overstretch categories, a further short-term waiting list scheme was undertaken in January 2002. Some 570 referrals were made during a four-week period, with the majority of treatments completed by the end of March. Each of the three Services also sponsored similar initiatives during 2001/02, covering a further 1,975 referrals.

114. The outcome of the quinquennial review of the Defence Medical agencies was announced in April 2002. The review identified the need to clarify responsibilities for delivering key outputs (deployable medical capability and medical treatment), to strengthen management capabilities across the Defence Medical Services, and to enhance further the partnership with the NHS. The main organisational changes are expected to be in place by 1 April 2003.

Equipment Acquisition

Objective:

- To acquire equipment effectively and efficiently.

Performance Measures:

- Deliver Smart Acquisition savings of £750M over the period 2001/02 to 2003/04.
- Proportion of equipment projects within approvals for performance, time and cost.
- Percentage of assets delivered on schedule.

Performance Assessment:

- Reductions of some £2 billion were made to the cost of MOD's planned equipment programme between 1998 and 2008. Further savings identified in the 2001 and 2002 Equipment Plans totalled over £500M.
- 65% of equipment projects with a value of more than £20M were within approvals at the end of 2001/02, surpassing the target of 60%.
- 93% of assets were delivered on schedule, exceeding the target of 80%.

Performance under this Objective contributes to progress against PSA Targets 7 and 8 (see Annex B)

Equipment Procurement

115. Table 16 shows that the Defence Procurement Agency continued to improve its performance in 2001/02, meeting three of its five Key Targets (two of which were set at a higher level than in 2000/01). Key Target 2 was narrowly missed by 0.5 months, with an average programme slippage of 11.9 months across the project population. This was due to revised In Service Dates for the Nimrod MRA4, A400M and Storm Shadow projects. By improving the management of risk, suppliers, through-life planning and technology – identified as key areas by McKinsey & Co. consultants in their 2001 study into long project duration and delay – the risk of future slippage should be much reduced.

116. A customer satisfaction rating of 66.7%

meant that Key Target 4 was also missed; 70% has been retained as a realistic target for 2002/03. An annual 'customer day' is now held to help the Defence Procurement Agency and its customers improve their understanding of each other's needs, knowledge and expectations.

117. The Defence Procurement Agency met the Public Service Agreement target of a 20% reduction in operating costs by 2001/02, and identified savings of some £340M in the 2002 Equipment Plan – exceeding the £200M target – as a result of applying Smart Acquisition principles (see below). The target for the 2003 Equipment Plan is to identify new savings worth £250M.

Smart Acquisition

118. The aim of Smart Acquisition, which builds

on the key principles of the Smart Procurement Initiative, is to acquire equipment faster, cheaper and better. One of its main features is a through-life approach to acquisition – encompassing requirement setting, equipment procurement and in-service support – that has fostered closer collaboration between the MOD equipment customer, Defence Procurement Agency and Defence Logistics Organisation.

119. Efforts in 2001/02 focused on embedding Smart Acquisition within the ‘acquisition community’ and spreading best practice across the remainder of the Department. The Acquisition Leadership Development Scheme – which aims to train and develop existing and future leaders

in acquisition – played an important role in this work. The principles of Smart Acquisition were also successfully extended to non-equipment projects, including Public Private Partnerships and major construction programmes. Examples of improved acquisition performance were:

- The Bowman Personal Role Radio was deployed on operational duty 3 months ahead of target with a 15% reduction in whole life costs;
- An incentivised contract was placed in May 2001 to deliver an agreed number of days at sea from 3 new RIVER class offshore patrol vessels, replacing the 5 ageing ISLAND class ships. Construction of the first ship began in

Table 16: Defence Procurement Agency – Key Targets and Achievements							
No.	Efficiency	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
1 ^[1]	Percentage of projects' core requirements:	91%	97%	97%	97%	97%	97%
	Outturn:	95.8%	98.6%				
2 ^[1]	Average cumulative slippage of In Service Dates not to exceed (months):	23.8 (23.1) ^[2]	11.4	12.1	7.0	5.0	5.0
	Outturn: (of which in-year slippage):	23.6 (1.8)	11.9 (1.0)				
3 ^[1]	Average cumulative cost variation not to exceed:	4.9% (4.6)% ^[2]	2.5% (2.6)% ^[2]	2.2%	2.2%	1.9%	1.7%
	Outturn:	3.4%	2.6%				
5	Reduce operating costs in relation to 1997/98 baseline by: ^[3]	19%	22% ^[4]	0 ^[5]	0	0	0
	Outturn:	21.3%	23%				
No.	Quality						
4	Customer satisfaction rating:	65%	70%	70% ^[6]	73%	76%	80%
	Achieved:	65.4%	66.7%				
Notes:							
^[1] Covers all equipment projects included in the Major Project Report.							
^[2] Following the National Audit Office review of the Major Project Report data, the baseline In Service Dates and costs were subsequently amended, leading to these revised targets.							
^[3] For the purposes of Key Target 5, operating costs are cash costs of running the Defence Procurement Agency, primarily staff and associated support costs such as utilities and IT maintenance.							
^[4] The Public Service Agreement target is 20% by 2001/02. The internal target is 22% by 2001/02.							
^[5] A new measure – to have no excess against Resource Control Totals – has been agreed for 2002/03 onwards.							
^[6] The scope and number of customers interviewed in the Defence Procurement Agency's annual customer satisfaction survey increased. The 70% target has therefore been retained for 2002/03.							

May 2001 and is scheduled to be in service by December 2002. Other vessels will follow at 6-month intervals. This approach will reduce whole-life costs by up to 18%;

- A 5 year prime contract for the repair and overhaul of the Chinook T55 engine was developed, negotiated and let with industry, significantly enhancing capability through a 50% reduction in repair and overhaul turnaround times and a 40% reduction in unscheduled engine rejections. This will help to reduce the cost of ownership by 12% (£2.5M per annum). The contract is heavily incentivised to improve performance; and
- Under a Private Finance Initiative contract that will provide strategic sealift capability until 2024, the MOD will have the use of 6 newly constructed roll-on roll-off ferries, but will only pay for the service it uses. The first ship was delivered to the contractor, AWSR, on 16 August 2002 and has been working on MOD business since. All six ships are expected to be available from summer 2003, 18 months ahead of schedule.

Defence Equipment Programme

120. The Equipment Programme, which includes projects that harness new technologies and concepts, is rigorously reviewed each year, particularly by the recently formed Investment Approvals Board. This ensures that the MOD makes the best possible use of available resources and provides the UK Armed Forces with the capabilities they need for operations today and in the future. Performance against the Equipment Programme is reported by capability areas. The tables at Annex F show the numbers of deliveries accepted in 2001/02 and/or planned for 2002/03, on 31 March 2002, for major equipment projects.



Hurst Point, the first of six PFI roll-on roll-off ferries, has been delivered to the contractors. (Picture used by kind permission of AWSR Shipping Ltd).

121. A major change in capability announced in 2001/02 was the earlier than planned withdrawal of the Sea Harrier FA2 aircraft, brought forward from 2012 to 2006. This forms part of a new investment strategy that will focus on an all Harrier GR force. This will see the aircraft upgraded, enabling it to use smart and precision weapons, and maximise our expeditionary offensive capability until we enter the era of the Future Joint Combat Aircraft.

Public Private Partnerships

122. The MOD continued to develop new and innovative ways of acquiring quality and value for money services. Six new Private Finance Initiative deals were signed in 2001/02 (see Table 17), bringing over £220M more private sector investment into Defence. The robust and diverse forward programme was also taken forward; examples of major projects underway or under construction are shown in Table 18.

123. The Department is committed to using Public Private Partnerships wherever they deliver best value and do not compromise operational effectiveness. Some equipment acquired through this route will provide support close to the front line, such as the contract for roll-on roll-off ferries (see above), the Heavy Equipment (tank) Transporter, and the proposed Future Strategic Tanker Aircraft.

Table 17: Private Finance Initiative Deals Signed in 2001/02 ^[1]	
Project Name	Estimated Capital Value (£ million) ^[2]
Bristol, Bath and Portsmouth Family Quarters	78
Heavy Equipment Transporter	55
Astute Class Training Service	41
Wattisham Family Quarters	34
Marine Support to Range and Aircrew Services	11
Defence Housing Executive Information System	12
Notes:	
^[1] Between April and September 2002 a further 3 deals were signed: Materials Handling Services, Strategic Sealift (roll-on roll-off ferries), and Field Electrical Power Supplies.	
^[2] Based on private sector partner's capital investment where known (or otherwise the capital value of the Public Sector Comparator).	

Table 18: Major Projects Underway or Under Construction	
Project Name ^[1]	Estimated Capital Value (£ million) ^[2]
Future Strategic Tanker Aircraft	2,500
MOD-Wide Water and Waste Water (Project Aquatrine)	1,100
Allenby/Connaught ^[3]	845
Skynet 5 ^[4]	750
C Vehicles ^[5]	350
Airfield Support Services project	330
Colchester Garrison	180
Notes:	
^[1] Other major projects that are under consideration, for which the estimated capital values are still being calculated, include the UK Military Flying Training System, Pay As You Dine, Search and Rescue, and the Combined Aerial Target System. Other major strategic partnering projects such as project Vanguard (Army training estate strategic partnering) will not necessarily involve large capital investment.	
^[2] Based on the estimated capital element of the Public Sector Comparator.	
^[3] Redevelopment of barracks in Aldershot and Salisbury Plain areas, and long-term provision of associated support services.	
^[4] Satellite communications services.	
^[5] Earthmoving and specialist plant, engineer contractors and materials handling services.	

Management

Objective:

- Progress towards an output management regime incorporating a robust target-setting process.

Performance Measures:

- Quality of resource-based financial information.
- Progress towards output management – full MOD-wide reporting of resource expenditure, budgets and forecasts.

Performance Assessment:

- Excellent progress was made on resolving the National Audit Office's outstanding observations on the 1999/00 and 2000/01 Departmental Resource Accounts.
- Over the course of 2001/02, the emphasis switched from developing customer-supplier agreements – through which the cost of delivering outputs can be more accurately identified – to benefiting from them.

Resource Accounting and Budgeting

124. 2001/02 was the first full year of Resource Accounting and Budgeting, in which the Defence programme and budget were allocated and managed solely in resource terms, rather than on a cash basis. Although this proved very demanding, the MOD made excellent progress in managing within its Departmental Expenditure Limits (see paragraphs 68-73). Further work also continued to realise the full benefits of Resource Accounting and Budgeting, such as improved asset and stock management and more accurate assessments of the costs of delivering key outputs.

125. The Departmental Resource Accounts for 2000/01 were qualified by the National Audit Office. Whilst disappointing, this represented a significant improvement over the previous year's accounts, which were disclaimed. Good progress was made on resolving the issues that led to this qualification, and the NAO's concerns are now confined to a limited number of specific aspects of supply systems information and the excess vote in respect of Request for Resource 1.

Performance Management

126. Development of the MOD's performance management regime – the Defence Balanced Scorecard – continued in 2001/02. The Scorecard was adapted to meet the Defence Management Board's requirements, and formed the framework upon which the 2002 Departmental plan was based. Each of the Services, all eleven Top Level Budget holders, and many lower level organisations successfully integrated scorecards into their strategic management processes and actively used them to improve performance. Ongoing work is focusing on improving the alignment of these scorecards.

127. Acknowledging the Department's success in developing, implementing and using the Scorecard, the MOD was the first public sector organisation outside the US to be awarded 'Hall of Fame' status by the Harvard academics who devised the Balanced Scorecard concept.

128. The MOD employs a wide range of data validation arrangements. Much of the internal

validation of MOD's own data systems – including Operational Capability Audits and Internal Audit Reviews – is managerially independent of the organisations being assessed, or else is subject to wider scrutiny through, for example, the House of Commons Defence Committee. Certain data systems are also subject to National Statistics benchmarks. For example, data on Armed Forces manning is collated by the Defence Analytical Services Agency – part of the Government Statistical Service. The National Audit Office validates, on an annual basis, the important data systems relating to the development and delivery of military equipment.

Corporate Governance

129. Good progress was made during 2001/02 to embed post-Turnbull Corporate Governance principles within the Department, leaving the MOD well placed to meet the Treasury deadline of 2002/03. A Departmental Risk Register was developed to provide an overview of the key risks to the achievement of objectives set out in the Defence Balanced Scorecard, underpinned by similar registers in each of the Top Level Budgets. Risk assessments were also integrated into the Scorecard framework, and are reported to the Defence Management Board on a quarterly basis.

130. The roles of the Defence Audit Committee and Defence Internal Audit continued to be refined. The Defence Audit Committee sits at the heart of the assurance process, considering inputs from a range of sources across the span of the MOD's activities, and the programme of Internal Audit moved to a risk based approach. In addition, workshops in April and November 2002 brought together non-executive directors from across the Department to discuss their developing role in Defence. These activities, combined with major audit and assurance work,

enabled the MOD to produce its first full Statement of Internal Control for 2001/02.

Modernising Defence Management

131. Modernising the Management of Defence was a successful programme of work that addressed pan-Defence issues through projects covering: roles and responsibilities, accountability for the delivery of outputs, joined up Government, better policy and decision-making, enhancing leadership skills, and sharing knowledge and information. Key achievements in 2001/02 included:

- The revision of Departmental Final Objectives to produce a simple, coherent framework of what Defence is here for. The new objectives are reflected in the Public Service Agreement agreed as part of the 2002 Spending Review;
- The development of Service Delivery Agreements ('contracts') between MOD Head Office and each Top Level Budget holder. These set out the key outputs each operating unit is funded to deliver, apply challenging delivery targets, and identify key horizontal linkages between the units;
- The transformation of the Equipment Approvals Committee into the Investment Approvals Board, with responsibility for approvals of all major investment projects;
- The establishment of the Defence Leadership Centre, as part of the new Defence Academy, to enhance business leadership skills in the MOD's senior military and civilian leaders;
- Improvements to the formulation and evaluation of policy, through the publication of guidance for policy makers, introduction of a related training course, and provision of additional funding for research;
- The Skill Force initiative, an excellent

example of the MOD working closely with other departments to deliver wider Government policy. Funded jointly by the MOD, the Department for Education and Skills, the Treasury and local partners, the scheme uses former military instructors to deliver a range of vocational training. Skill Force was expanded in September 2001 to cover 11 areas in England and Wales (a total of 1,200 pupils in 47 schools), and is due to be extended to a further 11 Local Education Authority areas by January 2003. A recent report by the British Market Research Bureau showed that Skill Force had helped to reduce exclusions by 72%;

- The introduction of the intranet Defence Portal – which provides Departmental news and other up to date information – further improved internal communications. The number of users is set to double to 80,000 in 2002; and
- The MOD's contribution to the Better Quality Services programme was to review

over £10 billion of its annual business. More than 85% of these reviews were completed by 31 March 2002, two years ahead of the target date set in the Public Service Agreement. These reviews made a substantial contribution to improving performance within MOD.

Defence Change Programme

132. The Change Delivery Group was developed during the year, and was established in May 2002. Led by the Secretary of State for Defence, the Group's remit is to construct a coherent overall programme to join up and drive change delivery across the Department. This 'Defence Change Programme' brings together the key elements of the previous modernisation work, including major initiatives such as the Defence Training Review (see paragraphs 105-107), and aims to ensure that Defence outputs are delivered as efficiently and effectively as possible.

Building for the future

Developing our people and organisation for the future

People

Objective:

- To invest in personnel and their families, and to develop them for the future.

Performance Measures:

- Identify and monitor key motivators and demotivators of personnel.
- Achieve managed retention, as measured through stable exit rates for each Service.
- Civilian workforce absence rates.
- Proportion of Service recruits with the opportunity to achieve a National Vocational Qualification.

Performance Assessment:

- Although the increased operational tempo had a generally positive effect on morale, the impact on personnel (and their families) in areas of serious manpower shortages was a cause for concern.
- Applications for early release from the Armed Forces: Navy/Marines – decreased for officers (3.2%) but increased for ratings and other ranks (5.8%); Army – increased marginally for officers (4.3%) and decreased for soldiers (6%); Air Force – peaked at 4% for officers and remained broadly stable for other ranks (4%). All three Services have high priority initiatives in place to improve retention.
- Progress continued on the implementation of the civilian personnel strategy, including development of new pay and appraisal arrangements, introduction of 360 degree feedback mechanisms for key groups, and trials of junior development schemes.
- In 2001/02, 96% of entrants to the Naval Service were given the opportunity to attain National Vocational Qualification level 2 within 3 years. Work remained on course to establish 40 Army Learning Centres by the end of 2002/03.

Performance under this Objective contributes to progress against PSA Target 2 (see Annex B)

Service Personnel Developments

133. The Armed Forces Overarching Personnel Strategy continued to guide the development and delivery of the recruitment and retention initiatives described in paragraphs 80-89. The Strategy also underpinned a number of tri-Service policies, progress on which is reported in this section.

Pay

134. Pay 2000 was successfully implemented for the vast majority of Service personnel on 1 April 2001. Work is on course to transfer almost all of the remaining groups (e.g. Reserve forces and specialists), for whom the changeover is more complex, by 1 April 2003.



The Operational Welfare Package helped deployed personnel keep in touch with their families by e-mail and telephone.

Operational Welfare

135. The Operational Welfare Package – which provides all deployed personnel with telephone, e-mail and Internet facilities – was successfully implemented in all major operational theatres in 2001/02, including Afghanistan. The Package has been very well received and is achieving its goal of maintaining and strengthening the morale of deployed personnel. Work is now underway to evaluate the impact of the Package and to further improve its delivery.

Pension and Compensation Reviews

136. The public consultation phase of the reviews of the Armed Forces Pensions and Compensation Schemes was formally completed on 31 July 2001. Whilst there was broad support for the Schemes from current Armed Forces personnel, substantial concerns were raised by veterans' organisations. The Review Team held discussions with these organisations to clarify their concerns, explain in more detail the proposals, and to explore the scope for addressing their reservations. Revised recommendations will be submitted by the end of 2002, a delay of some nine months. This was due in part to the emergence of a number of other related issues, notably the mistaken taxation of attributable Service pensions. This should not affect final implementation of the

schemes, however, which will depend on the introduction of new administrative IT systems.

Civilian Personnel Developments

137. Work continued in 2001/02 on the delivery of the Civilian Personnel Strategy. The supporting action plan was updated in November 2001 to reflect ongoing developments and changes to priorities. Progress was made in a number of key areas, including: development of new pay and appraisal arrangements; introduction of 360 degree feedback as a developmental tool for Senior Civil Servants and other key groups; increased focus on coaching and leadership; trials for junior development schemes; and progress on Investors in People. Information on civilian recruitment and diversity can be found in paragraphs 93-94.

Investors In People

138. By 31 March 2002, 118 units (covering 99.7% of MOD staff) had achieved Investors In People recognition. The reduction in the number of units (from 341 units on 31 March 2001) was due to 'Investors in People convergence' where units join together at a higher level to conduct a strategic assessment against the accreditation criteria. MOD units continued to benefit from participation in the Investors in People scheme, including improved communications and induction, and better links between training, development and Departmental objectives.

Veterans

139. Following the appointment of a Minister for Veterans, work began to develop a modern policy framework specifically for veterans from the Armed Forces. The Minister for Veterans met his remit to ensure that veterans' issues are properly understood, appropriately prioritised and effectively addressed across Government through the work of the Veterans Task Force and

the Veterans Forum. By the end of March 2002, the Veterans Task Force had met twice and the Veterans Forum on five occasions – two of which were in plenary session, with all parts of the wider veterans' community attending.

140. The Task Force and Forum members agreed a Strategic Action Plan to address veterans' key concerns, and made good progress on the issue of resettlement. Funding was also secured – from the Treasury, Department for Transport, London and the Regions, Department of Health, and Department for Education and Skills – for new research to improve the delivery of cross-Departmental support and services to veterans.

Gulf Veterans' Illnesses

141. During 2001/02, 173 patients attended the Gulf Veterans' Medical Assessment Programme, including at the clinic held in Northallerton, Yorkshire for the first time in May. Of those who responded to a patient questionnaire, 94% were satisfied with the Programme. In June, a paper was published describing the clinical findings for the second 1,000 Service and ex-Service patients assessed through the Programme. The MOD also published a memorandum that accompanied the Minister for Veterans oral evidence to the House of Commons Defence Committee. The Gulf Veterans' Illnesses Unit published the second and third issues of its newsletter, "Gulf Update",

and updated Gulf veteran mortality data was published in July 2001 and January 2002.

Depleted Uranium

142. The study to establish a voluntary depleted uranium screening test was extended by the independent Oversight Board, after the results of the pilot exercise were inconclusive. A contract for the main testing programme is likely to be placed in the spring of 2003. Epidemiological studies to identify any links between depleted uranium in urine and ill health should also begin in the same timeframe. Results from the 2001 surveys of depleted uranium sites in the UK sector of Kosovo will be reported later this year.

Porton Down Volunteers

143. The independent Medical Assessment Programme at St Thomas' Hospital in London continued to be made available to former Porton Down Volunteers. The MOD also agreed to fund independent epidemiological research to examine whether former volunteers suffer from excess morbidity/mortality or patterns of ill health. On 1 May 2001 it was announced that the MOD would conduct a comprehensive historical survey of the Service Volunteer programme, covering the period 1939 to 1989. The results of this study will be published in due course.

Information

Objective:

- To exploit information more fully as a strategic asset.

Performance Measures:

- Progress on implementing the Defence Information Strategy and the underpinning Defence Information Infrastructure.
- Progress towards meeting the Information Age Government targets.

Performance Assessment:

- The Defence Information Infrastructure was endorsed by the Defence Management Board. Although there was some uncertainty over funding in 2001/02, it is expected that the Information Infrastructure will be one of the major beneficiaries of the Defence Modernisation Fund announced as part of the 2002 Spending Review.
- Although solid progress was maintained on Information Age Government initiatives, with a significant increase in the number of electronic transactions, the MOD failed to meet the 90% low value transaction target set by the Office of Government Commerce.

Defence Information Strategy

144. The Defence Information Strategy is intended to ensure the information needs of Defence are met in a coherent, efficient and effective manner. The Strategy aims to deliver improvements in three key areas: management of information, access to and exchange of information, and information skills and culture. Progress in 2001/02 focused on putting in place the framework that will enable the Strategy to be delivered.

145. The key components of this framework were the establishment of an Information Governance Regime, based on the "Successful IT: Modernising Government in Action" guidelines, and the agreement to create a single focal point for all operational and business information needs. This will ensure a joined-up approach to information exploitation across Defence. A high-level policy for the secure sharing of information was also published, as was guidance to make sure that current information systems are being used to best

effect. In addition, the results of a staff attitude survey formed the basis of an action plan to develop the requisite information skills and competences across Defence.

146. Fundamental to the delivery of the Strategy is a single Defence Information Infrastructure that brings together and subsumes the many computer networks currently in use across Defence. The Defence Management Board endorsed this project in November 2001, and good progress was subsequently made on proving the overall concept. A decision to move into the assessment phase was taken in July 2002 and the Procurement Strategy is due to be considered at the end of the year, ahead of which industry will be consulted on the procurement options. Dependent on the Procurement Strategy, rollout of the new capability is expected to start in 2004. In the meantime, the Department continues to replace obsolete legacy computer networks with Defence Information Infrastructure-compliant solutions.

Information Age Government

147. The MOD surpassed the Information Age Government target for 25% of appropriate dealings with the public to be available electronically by 2002, with 73% of relevant services on-line by the end of the year. The Department remained on course to achieve 100% by the target date of 2005. The second version of the MOD's e-Business strategy was awarded 3* by the Office of the e-Envoy, an improvement on the previous strategy's 2*.

148. The MOD continued to introduce a comprehensive e-commerce solution, although the scale and complexity of the system meant that it could not be introduced in time to meet the 2002 target for 90% of low value transactions to be conducted electronically. Nevertheless, the MOD remains committed to achieving the Office of Government Commerce's new targets for low value transactions and e-tendering.

Technology

Objective:

- To ensure the continuing availability of sound technical advice and of advanced and affordable technology.

Performance Measures:

- Access to sound, high quality, impartial advice in key technology areas.
- Extent of technology gap with the US in key capability areas.
- UK industry access to leading-edge technology.

Performance Assessment:

- A Science and Technology Board was established to provide strategic direction across Defence, and a review of external sources of advice was undertaken to optimise access to independent scientific and technical expertise. A risk task force identified the main scientific risks borne by the MOD.
- The strong UK/US relationship in research and technology, as well as in major acquisition programmes, continued to provide the UK with good access to the US defence technology base. Work was ongoing on the Declaration of Principles and the European Letter of Intent, both aimed at securing UK industry access to overseas technologies and markets.
- To improve technology transfer from MOD funded research to the industrial base and to stimulate innovation, MOD built on its policy of 'research partnerships' with industry by launching Defence Technology Centres (February 2001) and preparing to launch Towers of Excellence (July 2002). The use of competitive tendering in research contracting was increased to provide access to a wider range of research suppliers. Over time this is expected to enhance UK industry's access to relevant, leading-edge, technology.

Performance under this Objective contributes to progress against PSA Target 8 (see Annex B)

DERA Public Private Partnership

149. Following a period of shadow operation, the Defence Evaluation and Research Agency was successfully split on 1 July 2001 into QinetiQ plc and the Defence Science and Technology Laboratory, which remains part of the MOD. Both organisations are now well established and operating effectively in their new roles.

150. In March 2002 Ministers announced a revised timetable for the Public Private Partnership and confirmed their intention to sell a stake in QinetiQ to a strategic partner, who would work alongside the MOD to develop the company prior to its flotation on the stockmarket in around 3-5 years. Almost 40 organisations expressed interest in participating, and 12 of these were selected to receive an Information Memorandum describing the Company. A preferred partner was selected in September 2002, with the initial transaction due to be completed before the end of the year.

Scientific Research and Advice

151. The Science and Technology Board, set up following a review commissioned by the MOD's Chief Scientific Adviser, developed a new strategy to ensure that the delivery of science and technology is optimised in the MOD. The central scientific staff continued to provide Ministers with coherent and timely advice in 2001/02, including operational analysis in support of Exercise SAIF SAREEA II and operations in Afghanistan.

152. MOD placed contracts worth over £400M on the Applied and Corporate Research Programmes, the majority of which were placed with the Defence Science and Technology Laboratory and QinetiQ. The research undertaken produced significant advances in technology, such as a tool that can be used to improve flight simulators and enable targeted improvement of visible infrared



Availability of advanced technology for the front line is a key priority for the Department.

camouflage. Processes were developed to enable, within the next four years, the rapid and environmentally friendly production of titanium at about half the current cost. Technology was also developed to protect sensors and human eyes from laser damage by selectively eliminating harmful radiation while continuing to transmit the background light. In addition, UK test equipment contributed to the successful development by the US of special 'bunker busting' weapons.

153. Emphasis continued to be placed on developing a policy of "research partnering with industry" to encourage alignment of investment, improve the quality and relevance of research, and spread costs. The two key supporting initiatives – Defence Technology Centres and Towers of Excellence – progressed well. The use of competitive tendering for research was also established, with 26 such contracts placed with industry and academia.

154. The Atomic Weapons Establishment is contracted by the Defence Procurement Agency to support the UK nuclear weapons capability programme. Scientific staff continued to work closely with the Agency as customers for the associated research. In February 2002, a major UK/US sub-critical plutonium experiment was successfully undertaken in Nevada. In the same month, an article published in "Nature" provided a description of the science that underpins the nuclear weapon stockpile.

Annex A: Organisation and Management of Defence

Secretary of State and Ministers

1. The Secretary of State for Defence is responsible for the formulation and conduct of defence policy. On 31 March 2002, the Secretary of State was supported by a Minister of State for the Armed Forces, and two Parliamentary Under-Secretary of States – one for Defence Procurement and one for Veterans.

The Principal Advisers

2. Beneath Ministers lies the top management of the MOD, comprising ten senior officials and Service officers (as shown in Figure 3 below). The Secretary of State has two principal advisers: the Permanent Secretary (PUS), and the Chief of the Defence Staff (CDS). They share responsibility for much of the Department's business, reflecting the input that both military and civilian personnel make to political, financial, administrative and operational matters. The PUS has primary responsibility for policy, finance and administration in the Department. He is the MOD's Principal Accounting Officer and is personally accountable to Parliament for the expenditure of all public money voted for Defence purposes. CDS is the professional head of the Armed Forces and the principal military adviser to the Secretary of State and the Government.

3. PUS and CDS each have a deputy; the Second Permanent Secretary (2nd PUS), and the Vice Chief of the Defence Staff (VCDS). They jointly head the Central Staff, the policy core of the Department, located mostly in London and responsible to Ministers for:

- Strategy and leadership;
- Setting policy and corporate planning;
- External relations and image ; and
- Setting targets, allocating resources and performance management;

4. Also within the head office in London sit the Chief of Staff of each of the three Services (Chief of the Naval Staff (CNS), Chief of the General Staff (CGS), and Chief of the Air Staff (CAS)). Together with the Chief of Defence Procurement (CDP), the Chief of Defence Logistics (CDL) and the Chief Scientific Adviser (CSA), they sit on the Defence Council and its executive arm, the Defence Management Board.

The Defence Council

5. The Defence Council is the senior Departmental committee. Chaired by the Secretary of State it provides the formal legal basis for the conduct of defence in the UK through a range of powers vested in it by statute and Letters Patent.

The Defence Management Board

6. The Defence Management Board is the highest, non-ministerial committee in the MOD. This Board was formed on 5 July 2000, replacing the Finance, Planning and Management Group. Chaired by PUS, it is essentially the main corporate board of the MOD, providing senior level leadership and strategic management of Defence. Its role is to deliver the Defence aim set out in the Public Service Agreement and its membership

is shown in Figure 3. Specifically, it is responsible for:

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

The Service Boards

7. Whilst the Management Board is responsible for managing the delivery of the key Departmental outputs, the administration of the single Services and their personnel is delegated to the Service Boards (the Admiralty, Army and Air Force Boards) from the Defence Council. The Service Boards are chaired by Ministers, with 2nd PUS acting as the Secretary.

Service Executive Committees

8. The day to day business of managing the single Services is formally conducted through the Service Executive Committees. They are:

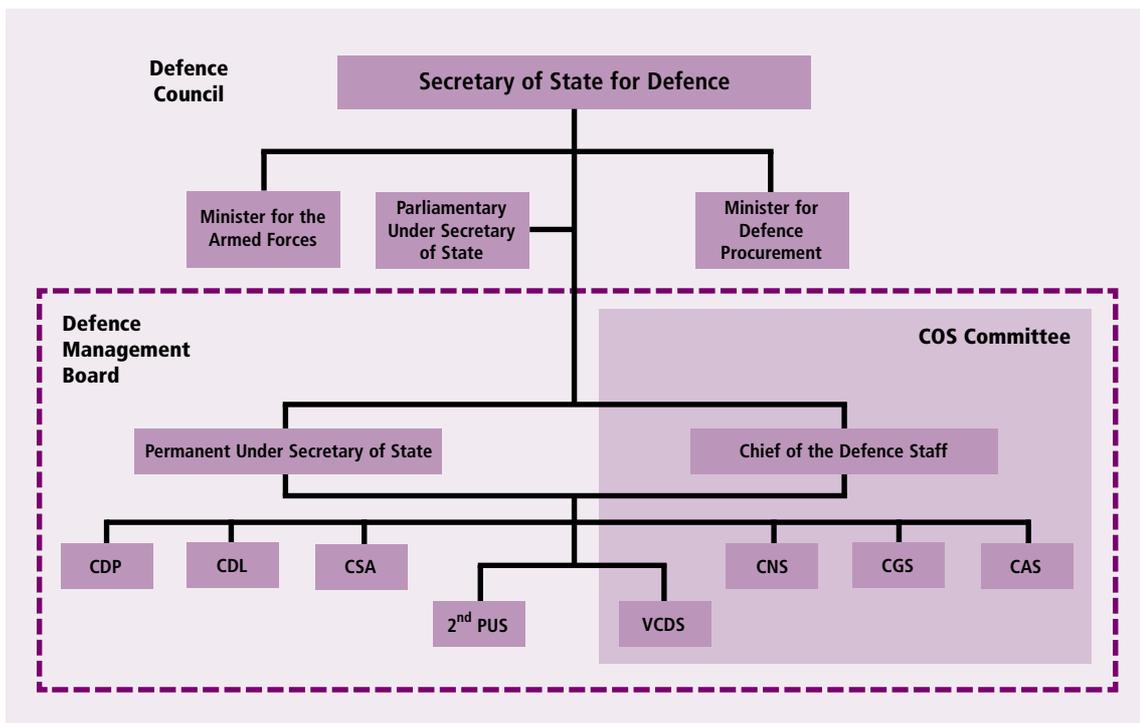
- The Navy Board;
- The Executive Committee of the Army Board; and
- The Air Force Board Standing Committee.

9. These Committees bring together, under their respective single Service Chief of Staff, the operational and personnel commanders for each Service. The Committees support the respective Chiefs of Staff in his executive role, his management and operational advisory roles, and as the professional head of the Service.

The Chiefs of Staff Committee

10. The Chiefs of Staff (COS) Committee is chaired by the CDS and is the main forum in which the collective military advice of the Chiefs is obtained on operational issues. The PUS attends the COS Committee.

Figure 3: MOD Top Management



Top Level Budgets

11. Most Defence activity takes place outside the MOD head office and is managed through eleven Top Level Budget (TLB) holders (shown in Figure 4), and five Trading Funds not included in the TLB structure. PUS grants each TLB holder extensive delegated powers over personnel, infrastructure and budget. The Navy, Army and Air Force each have two separate TLBs for its Operational and Personnel commands, and the Army has a third TLB for Northern Ireland. These TLBs are headed by three and four star military officers.

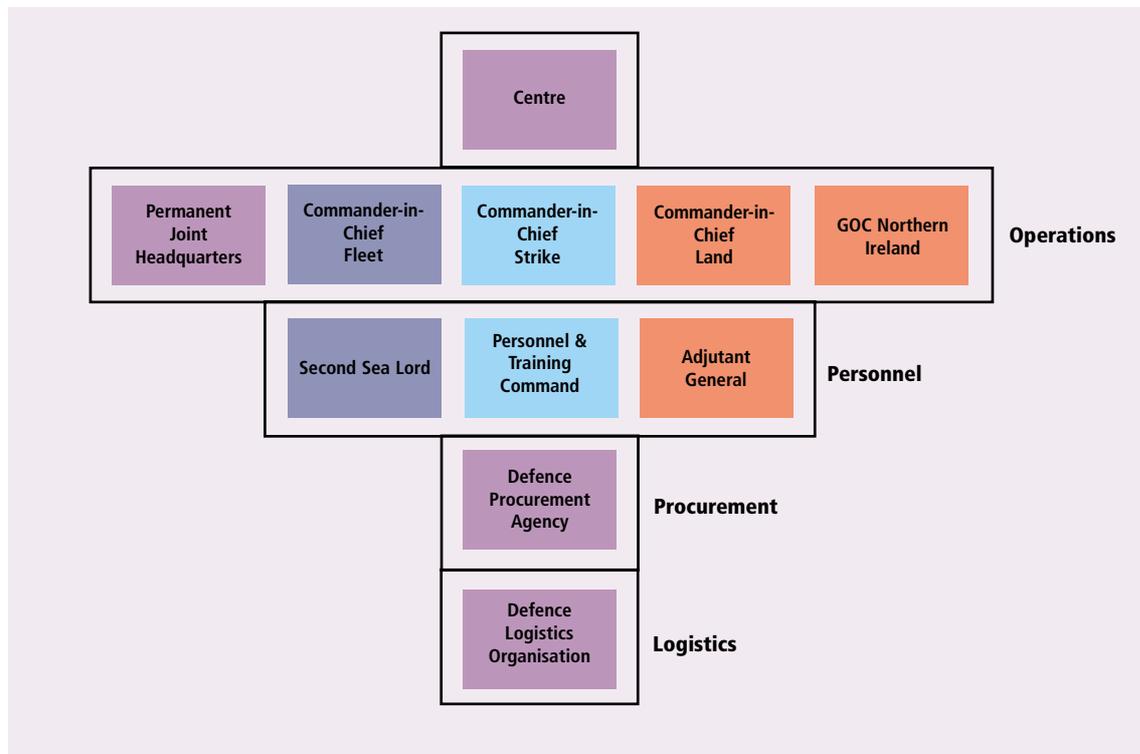
12. The other TLBs are Defence rather than single Service organisations. These are:

- The Defence Procurement Agency, which procures equipment for all three Services;
- The Defence Logistics Organisation (created in the Strategic Defence Review to bring together Navy, Army and Air Force logistic functions, which were previously carried out separately);
- The Permanent Joint Headquarters at Northwood, headed by the Chief of Joint Operations, who is responsible for the planning and execution of joint (tri-Service) operations; and
- The Central TLB, which has lead responsibility for MOD head office activities as set out in paragraph 3 of this annex.

13. Each TLB holder has a 'contract' with MOD head office, known as a Service Delivery Agreement, which

specifies the outputs required of that TLB, the resources they are given to deliver these outputs, and the underpinning performance management regime. Within the TLB structure are a range of agencies, spanning the bulk of Defence support activity, including logistics, training and corporate services such as bill paying and policing (see Annex C). The Secretary of State owns and is ultimately accountable for the performance of Defence agencies and Trading Funds.

Figure 4: Top Level Budget Structure of the MOD



Annex B: Summary of Performance Against the 2001/02 – 2003/04 Public Service Agreement

1. Table 19 summarises the MOD's performance against the objectives and targets specified in the Public Service Agreement and Service Delivery Agreement for the period 2001/02 to 2003/04. More information can be found in the relevant paragraphs of the main report. The PSA and SDA – agreed as part of the 2000 Spending Review – are available from the websites of the MOD (<http://www.mod.uk>) and Her Majesty's Treasury (<http://www.hm-treasury.gov.uk>).

2. MOD performance against the targets set out in the 1999/00 to 2001/02 PSA was reported in full in the 2000/01 Departmental Performance Report (Cm 5290, November 2001). Most of these targets were either assessed as met in that report, or were carried forward to the current PSA; the latter are shown in purple in Table 19. An update on progress against the few outstanding targets is summarised in Table 20. Revised PSA targets were agreed as part of the 2002 Spending Review and these can be found at the end of this annex. They come into effect in April 2003.

Table 19: Performance Against 2001/02 to 2003/04 Public Service Agreement			
PSA Target	Performance Indicator	Assessment at End of 2001/02	Paragraph
Objective I – Operations and Readiness			
1. By 2005, ensure that a minimum of 90% of rapidly available units are at required states of readiness.	Assessment of the ability of high and medium readiness forces to deploy ready for operations.	On course Of those force elements planned to be rapidly available (i.e. those held at very high, high or medium readiness), the proportion at medium readiness or above was: Navy/Marines: 93%, Army: 81%, Air Force: 90%. Although the overall readiness of force elements improved over 2001/02, there were a number of capability areas where weaknesses still existed. Significant progress was made on work to develop a more robust measure of military capability across the Services.	37-41
	Assessment of the ability to transport the above forces to required location.		
	Establish the operational capability of the Joint Rapid Reaction Forces by late 2002/03.	Some slip Many elements of the Joint Rapid Reaction Forces were in place at their required states of readiness, and operated successfully in Macedonia and Afghanistan. Nevertheless, achieving operational capability by the end of 2002/03 is dependent in part on resolving manning shortfalls (see target 2), introducing new equipment into service on time, and providing robust sustainability.	43-44
Provide the strategic lift capability provided by four large aircraft, by 2002.	Met The fleet of four C-17 aircraft formally entered service on 30 September 2001, 3 months ahead of schedule. The aircraft were used extensively in Macedonia and Afghanistan, and on Exercise SAIF SAREEA II.	43	

Table 19: Performance Against 2001/02 to 2003/04 Public Service Agreement			
PSA Target	Performance Indicator	Assessment at End of 2001/02	Paragraph
Objective I – Operations and Readiness			
2. Recruit, retain and motivate the personnel needed to meet the manning requirement of the Armed Forces.	By March 2004, the Navy and Air Force to achieve full manning, and the Army to meet 97% of its manning requirement. Full manning is defined as +1%/-2% of the requirement.	Some slip Although the Air Force was within the tolerance band for full manning, the overall position remained unsatisfactory with a total shortfall of 8,450 personnel at the year-end. Trained strength as a percentage of the requirement: Navy/Marines: 95.8%, Army: 94.3%, Air Force: 98.6%. All three Services continued to experience critical shortages in certain areas.	80-92
	Navy, Army and Air Force to achieve the single Service guidelines for deployed service.	Met (ongoing) All three Services met their Public Service Agreement targets for separated service.	81-83
	Improve Service Family Accommodation in Great Britain to Standard 1 for condition by 2005/06.	On course The Defence Housing Executive upgraded 3,870 family properties to Standard 1 for condition in 2001/02, against a target of 2,400. On 31 March 2002, 51.5% of long-term core stock was at Standard 1 for condition (over 19,000 properties), compared to a target of 49%. Some 90% of Service families in Great Britain are in housing at Standard 1 or 2 for condition.	96
	Implement a new pay system for regular forces, which better recognises skills and experience, by April 2001.	Met Pay 2000 was successfully implemented for the vast majority of regular personnel on 1 April 2001.	134
	Implement the Armed Forces Overarching Personnel Strategy as guided by its supporting Action Plan.	On course The Action Plan sets targets for each Service to ensure delivery of the Strategy. The end-year performance report for the 2001/02 Action Plan was considered by the Defence Management Board in July.	133
3. Achieve the objectives established by Ministers for military operations in which the UK's Armed Forces are involved.	Successful fulfilment of operations as measured through achievement of Operational Objectives.	Met (ongoing) Operations in Afghanistan, Macedonia, Bosnia, Kosovo, Sierra Leone, the Middle East and Northern Ireland were successful.	8-30

Objective II – Defence Policy			
<p>4. Working with NATO Allies, implement the decisions of the NATO Washington Summit, including the new Strategic Concept and the Defence Capabilities Initiative, and help to adapt NATO to the new strategic environment.</p>	<p>A more effective and efficient NATO, including through the implementation of the measures agreed at the Washington Summit.</p>	<p>On course</p> <p>Implementation of the Defence Capabilities Initiative continued, although overall progress slowed. The UK remained well ahead of the Alliance average with regard to achieving the Initiative's related Goals.</p> <p>The NATO Force Structure Review was completed, and implementation progressed throughout 2002. The Review's findings were in line with the UK's policy of encouraging NATO nations to improve their deployable capability.</p>	57-58
	<p>NATO enlargement is in line with UK interests.</p>	<p>On course</p> <p>Alliance preparations for the November 2002 Prague Summit proceeded satisfactorily, reflecting the UK policy of avoiding premature discussion of individual aspirant nations' cases for membership.</p>	
<p>5. Work with partners so that the European Union can, by 2003, deploy forces of up to Corps level (50-60,000 personnel) within 60 days, capable of undertaking the full range of Petersberg tasks (from disaster relief to large scale peace-support operations) in and around Europe. This target is known as the Headline Goal.</p>	<p>By 2003, EU able to deploy forces of up to Corps level within 60 days, capable of undertaking the full range of Petersberg tasks.</p>	<p>Some slip</p> <p>The UK continued to play a leading role in efforts to improve capabilities and made a substantial offer of forces towards the Headline Goal. An Action Plan was put in place to address the remaining capability shortfalls.</p>	59-60
	<p>Effective political/military decision making apparatus established within the EU. Minimum duplication with NATO and national machinery.</p>	<p>Met</p> <p>The EU's political and military decision making structures became fully operational in 2001/02.</p>	
	<p>Effective EU relationships with NATO acceptable to all Members.</p>	<p>Some slip</p> <p>Despite well co-ordinated efforts by the MOD and Foreign and Commonwealth Office, agreement was not reached with all EU and NATO Members on the so-called Berlin Plus arrangements (through which the EU will have assured access to NATO's planning capabilities). However, working level EU-NATO relations continued to develop.</p>	
<p>6. Improved effectiveness of the UK contribution to conflict prevention and management as</p>	<p>In all countries and regions in which activities are funded by resources from the joint pools, reduced rate in the:</p>	<p>On course</p> <p>The MOD, Department for International Development and Foreign and Commonwealth Office successfully undertook activities jointly in</p>	65-66

Table 19: Performance Against 2001/02 to 2003/04 Public Service Agreement			
PSA Target	Performance Indicator	Assessment at End of 2001/02	Paragraph
Objective II – Defence Policy			
demonstrated by a reduction in the number of people whose lives are affected by violent conflict and by a reduction in potential sources of future conflict, where the UK can make a significant contribution. Joint target with DfID and FCO.	<ul style="list-style-type: none"> incidence, or likelihood, of new conflicts; incidence of conflict-related displacement; and incidence of war related casualties. 	<p>support of agreed priorities in Africa and the rest of the world. These ranged from long-term initiatives to in-year crises (e.g. in Macedonia and Afghanistan).</p> <p>Work is ongoing with the Department for International Development and the Foreign and Commonwealth Office to develop a reliable method of assessing the effectiveness of the UK contribution.</p>	
Objective III – Battle-Winning Equipment			
7. Develop and deliver battle-winning equipment to time, cost and capability requirement targets that will enable the Armed Forces to provide the military capability required of them now and in the future.	On average, in-year slippage to In Service Date of less than 10 days for new major projects.	<p>Some slip</p> <p>Although 11 of the 12 new (i.e. Smart) major projects remained on course, the In Service Date of A400M slipped by 6 months. This gave an average in-year slippage of 15 days, exceeding the 10 day target.</p>	115-117
	On average, in year slippage to In Service Date of less than 4 weeks for existing major projects.	<p>Some slip</p> <p>Whilst 6 of the 8 existing (i.e. pre-Smart) major projects remained on course, the In Service Dates of Nimrod MRA4 and Storm Shadow slipped by 10 months and 3 months respectively. This gave an average in-year slippage of 6 weeks, exceeding the 4 week target.</p>	
	97% of customers' key requirements to be attained.	<p>Met</p> <p>99% of key requirements achieved, or predicted to be achieved.</p>	
	On average, no increase in major project costs.	<p>Met</p> <p>Although some major projects were adversely affected by the US\$ exchange rate variation, this was offset by a reduction in Eurofighter costs.</p>	
Value For Money			
8. Achieve value for money through delivering efficiency savings of 3% a year, benefits of the Smart Procurement Initiative of £750M over the period	Reduce the output costs of the Defence Logistics Organisation by 20% in resource terms by 2005, whilst ensuring that it continues to deliver and, where appropriate, improves the quality of its outputs.	<p>Some slip</p> <p>5.6% reduction in output costs achieved since March 2000. Delivering the remainder of the savings is dependent on implementing the Business Change Programme and other output measures.</p>	110

Value For Money			
2001/02 to 2003/04, and continuing the drive for the optimum utilisation of the defence asset base, with disposals of over £600M of assets by March 2004.	Identify by 2002 those core Defence estate sites required for continued use by the Department and Armed Forces.	On course The categorisation of Defence estate sites was over 40% complete, and was on course for completion in October 2002. Research into the long-term demand for Defence estate was also on track.	97
	Achieve asset disposals of over £600M by March 2004.	On course Defence Estates achieved sales of surplus land and property totalling £184M, of which Thatcham (£14M) was the largest. Disposal of surplus equipment totalled £28M.	78-79
	Deliver £750M Smart Acquisition savings over the period 2001/02 to 2003/04.	On course Reductions of some £2 billion were made to the MOD's planned equipment expenditure between 1998 and 2008. Further savings identified in the 2001 and 2002 Equipment Plans totalled over £500M. The contribution from the initial £2bn and Smart savings across the Public Service Agreement period will deliver the £750M target.	118
	Efficiency Savings: Develop new approach to efficiency, subject to agreement between the MOD and HM Treasury.	Met A new, output-based approach to efficiency was formally agreed with HM Treasury as part of Spending Review 2002.	77
	Subject to value for money considerations, complete the Defence Evaluation and Research Agency Public Private Partnership by April 2002.	On course QinetiQ was vested on time as a wholly publicly owned plc in July 2001. Based on a review of market conditions, Ministers decided that the most appropriate way forward would be to appoint a strategic partner. Under the revised timetable, the initial transaction is due to be completed by the end of the year.	149-150

Table 20: Performance Against 1999/00 to 2001/02 Public Service Agreement			
PSA Target	Performance Indicator	Assessment at End of 2001/02	Paragraph
Logistic and Medical Support			
6. Achieve substantial improvement in logistic and medical support.	800 Field Hospital beds at increased readiness.	On course The medical equipment and personnel for the first 100 beds have been identified.	111-114
Force Structure Changes			
7. Implement the post-Strategic Defence Review force structure changes.	Complete RAF withdrawal from Germany by 1 April 2002.	Met Withdrawal completed by 1 April 2002, with the closure of Royal Air Force Bruggen.	N/A
Departmental Operations			
13. Achieve annual efficiency improvements of 3% (as a percentage of the efficiency baseline) each year from 1998/99 to 2001/02.	Total value of efficiency measures identified as a proportion of the efficiency baseline.	Missed The MOD achieved cumulative cash efficiency savings of £1,742M or 86% of the target across the period 1998/99 to 2001/02. But if non-cash resource efficiencies are taken into account, the achievement rises to £2,012M or 99.9% of the target.	74-77
14. Realise gross receipts of £700M from the sale of Defence estate (over the period 1998/99 to 2001/02).	In-year gross value of estate disposal receipts.	Met Defence Estates realised disposal receipts of £819M – from the sale of about 700 sites – over the four year period to March 2002.	78
Departmental Productivity Targets			
Review all MOD services and activities over a 5-year period in accordance with the Better Quality Services initiative.	% of MOD services reviewed in line with the Better Quality Services initiative.	Met By 31 March 2002, 85% of those MOD activities and services covered by the Better Quality Services programme had been reviewed.	N/A
Have capability to undertake at least 25% of business with industry and the public by wholly electronic means by autumn 2002 (excludes procurement activity).	% of business capable of being conducted electronically.	Met By the end of 2001/02, 73% of appropriate dealings with the public could be conducted electronically.	147-148
Reduce number of days lost by civilian staff each year through sickness absence.	Average number of days lost per staff year to sickness absence.	Sick absence data is temporarily unavailable pending the preparation of a new statistical reporting system. Progress will be reported in the 2002/03 Performance Report.	N/A

Spending Review 2002 Public Service Agreements for the Ministry of Defence

Aim

Deliver security for the people of the United Kingdom and the Overseas Territories by defending them, including against terrorism, and act as a force for good by strengthening international peace and security.

Objectives and Performance Targets

Objective I: achieve success in the military tasks that we undertake at home and abroad.

1. Achieve the objectives established by Ministers for Operations and Military Tasks in which the United Kingdom's Armed Forces are involved, including those providing support to our civil communities.
2. Improve effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict, where the UK can make a significant contribution. JOINT TARGET WITH DfID AND FCO.

Objective II: be ready to respond to the tasks that might arise.

3. By 2006 ensure that a minimum of 90% of high readiness forces are at their required states of readiness with no critical weakness.
4. Recruit, train, motivate and retain the personnel needed to meet the manning requirement of the Armed Forces, so that by the end of 2004, the Royal Navy and RAF achieve, and thereafter maintain, manning balance, and that by the end of 2005 the Army achieves, and thereafter maintains, manning balance.
5. Strengthen European security through an enlarged and modernised NATO, an effective EU military crisis management capacity and enhanced European defence capabilities.

Objective III: build for the future.

6. Develop and deliver to time and cost targets military capability for the future, including battle-winning technology, equipment and systems, matched to the changing strategic environment.

Value for Money

7. Increase value for money by making improvements in the efficiency and effectiveness of the key processes for delivering military capability. Year-on-year output efficiency gains of 2.5% will be made each year from 2002-03 to 2005-06, including through a 20% output efficiency gain in the Defence Logistics Organisation.

Annex C: Ministry of Defence Agencies

Defence agencies made a major contribution to Departmental performance in 2001/02, employing some 60% of MOD's civilian employees and accounting for around 35% of the MOD's overall resource cost.

MOD Agencies and their Performance

1. During 2001/02 there were 36 Defence agencies, a reduction of one from the previous year. Rationalisation within the Defence Logistics Organisation resulted in the merger of the Naval Bases and Supply Agency and the Ship Support Agency to form the Warship Support Agency on 1 April 2001. Implementation of the public private partnership for the Defence Evaluation and Research Agency led to the creation of the Defence Science and Technology Laboratory as a trading fund on 1 July 2001. The War Pensions Agency was transferred from the Department of Work and Pensions to the MOD on 11 June 2001; it was relaunched as the Veterans Agency on 1 April 2002. The Army Base Repair Organisation became a Trading Fund on 1 April 2002.

Agency	2000/2001		Key Targets in 2001/2002				
	Targets / Met ^[1]	% Met in 2000/01	Targets / Met ^[1]	% Met in 2001/02 ^[2]	Marginal Miss ^[3]	Better Performance ^[4]	Significantly Better Performance ^[5]
Armed Forces Personnel Administration Agency	5 / 5	100%	4 / 4	100%	0%	25%	25%
Army Base Repair Organisation	4 / 3	75%	5 / 3	60%	0%	40%	20%
Army Personnel Centre	6 / 2	33%	4 / 3	75%	0%	50%	0%
Army Training and Recruiting Agency	6 / 2	33%	5 / 3	60%	40%	60%	20%
British Forces Post Office	3 / 3	100%	3 / 3	100%	0%	66%	66%
Defence Analytical Services Agency	6 / 6	100%	7 / 6	86%	0%	43%	14%
Defence Aviation Repair Agency ^[6]	6 / 3	50%	5 / 5	100%	0%	N/A	N/A
Defence Bills Agency	6 / 4	67%	7 / 6	86%	14%	86%	0%
Defence Communication Services Agency	4 / 3	75%	7 / 6	86%	0%	43%	0%
Defence Dental Agency	15 / 10	67%	12 / 6	50%	8%	33%	8%
Defence Estates	6 / 4	67%	6 / 4	67%	0%	0%	0%
Defence Geographic and Imagery Intelligence Agency	7 / 6	86%	7 / 5	71%	29%	14%	14%
Defence Housing Executive	7 / 5	71%	8 / 6	75%	0%	75%	25%
Defence Intelligence and Security Centre	4 / 4	100%	4 / 3	75%	0%	25%	0%
Defence Medical Training Organisation	8 / 6	75%	8 / 6	75%	13%	13%	13%

Defence Procurement Agency	5 / 4	80%	5 / 3	60%	20%	100%	0%
Defence Science and Technology Laboratory ^[7]	N/A	N/A	3 / 2	67%	0%	N/A	N/A
Defence Secondary Care Agency	7 / 3	43%	7 / 4	57%	0%	43%	0%
Defence Storage and Distribution Agency	7 / 5	71%	5 / 1	20%	40%	0%	0%
Defence Transport and Movements Agency	6 / 5	83%	5 / 4	80%	20%	60%	40%
Defence Vetting Agency	9 / 2	22%	9 / 1	11%	0%	0%	0%
Disposal Services Agency	5 / 5	100%	5 / 3	60%	0%	20%	20%
Duke of York's Royal Military School	10 / 9	90%	8 / 7	88%	0%	63%	25%
Medical Supplies Agency	5 / 4	80%	5 / 5	100%	0%	40%	20%
Meteorological Office	7 / 6	86%	7 / 6	83%	0%	83%	67%
MOD Police	10 / 10	100%	7 / 6	86%	14%	71%	29%
Naval Manning Agency	12 / 7	58%	12 / 5	42%	0%	17%	0%
Naval Recruiting and Training Agency	7 / 4	57%	7 / 4	57%	0%	57%	29%
Pay and Personnel Agency	10 / 6	60%	10 / 9	90%	0%	30%	0%
Queen Victoria School	5 / 4	80%	5 / 4	80%	0%	60%	60%
RAF Personnel Management Agency	5 / 5	100%	5 / 5	100%	0%	40%	0%
RAF Training Group Defence Agency	7 / 4	57%	7 / 5	71%	14%	28%	28%
Service Children's Education	15 / 9	60%	15 / 9	60%	27%	67%	20%
UK Hydrographic Office	12 / 6	50%	12 / 4	33%	8%	24%	8%
Veterans Agency ^[8]	N/A	N/A	11 / 9	82%	9%	45%	18%
Warship Support Agency	12 / 9 ^[9]	67%	12 / 11	92%	0%	33%	8%
Average		74%		72%	7%	43%	17%

Notes:

^[1] Where there are multiple elements to a Key Target these are counted separately. Performance in a few cases is based on latest available figures pending audit. A small number of figures for 2000/01 have been amended for consistent and comparable comparison with 2001/02.

^[2] Values are indicative. The significance of changes up or down, compared with previous years, can be influenced by a change in the total number of targets.

^[3] Where a target was judged to have been only narrowly missed, usually by the order of only 1%.

^[4] Where outturn against a measure, or commentary on performance, indicates improvement over the previous year.

^[5] Where there were large changes in possible performance against comparable measures for the previous year. These have generally been taken as at least a 5% increment in performance, usually substantially more.

^[6] The Defence Aviation Repair Agency became a Trading Fund on 1 April 2001; direct comparison with pre-Trading Fund status is not practicable.

^[7] The Defence Science and Technology Laboratory came into existence on 1 July 2001; direct comparison with 2000/01 is not therefore possible.

Table 21: Defence Agency Performance

^[8] The Veterans Agency (previously known as the War Pensions Agency) became part of the MOD on 11 June 2001. The Agency Key Targets were formulated by the Department of Work and Pensions, and at this stage do not warrant direct comparison with the other MOD agencies. Accordingly, they are not included in the initial overall calculation of MOD agency Key Target performance, nor in the "Average" percentages shown in the final row of the table.

^[9] This is a composite figure of the combined Key Targets for the Naval Base and Supply Agency and the Ship Support Agency, which combined on 1 April 2001 as the Warship Support Agency. Subsequent comparisons are based on the prior performance of the Naval Bases and Supply Agency and the Ship Support Agency.

2. MOD's 36 Defence agencies generally performed well against their 2001/02 targets, as shown in Table 21. Five agencies met all of their Key Targets, and five others marginally missed achieving 100% of their targets. 14 agencies met at least 75%, and 11 others met at least 50%. The average achievement of agency Key Targets was 72%, down slightly on last year. As explained below, increased operational activity was the main reason for this change in performance.

3. Despite increased pressure on agencies, reflecting the high operational tempo, 43% of targets scored a better performance with 17% of targets significantly exceeded and 7% marginally missed. Examples of targets that were significantly exceeded included:

- The Army Base Repair Organisation won third party contracts in 2001/02 amounting to £2.07M, an increase of over 300% on the 2000/01 baseline of £0.6M;
- The Duke of York's Royal Military School achieved a pupil per capita cost of £11,710 against a target of £12,798;
- The British Forces Post Office reduced the net cost level of the Customer Care Unit by 17.3%, against a target of 3%; and
- The Defence Geographic and Imagery Intelligence Agency, in supporting military operations, increased its map production from 0.5 million maps in 2000/01 to over 3 million in 2001/02.

4. The main areas of reduced performance related to:

- Recruiting difficulties, which affected achievement for the Navy, Army and Air Force recruitment Agencies;
- The Defence Vetting Agency experienced an unexpected increase in demand for priority Developed Vetting clearances following 11 September, at the same time as there was a greater than usual number of overseas deployments. Routine cases were delayed in favour of higher priority work, and many cases were delayed because the subjects and/or referees were not available for vetting interview;
- Changes in the acquisition process at the Defence Procurement Agency had not yet eased the problem of slippage in the delivery dates of projects of long duration although significant progress is being made as shown in Tables 16 and 21;
- While the Defence Distribution and Storage Agency was able to meet demand caused by increased operational surge over the year, routine activity suffered. This is reflected in the outturn performance against the Agency's Key Targets; and

- The UK Hydrographic Office delivered the great majority of the scheduled Defence Hydrographic Programme on time. Failure to deliver the whole programme was due primarily to the significant additional operational requirements caused by Operation VERITAS.
5. There were areas of significant improvement in performance where the target was marginally missed, such as:
- The Army Training and Recruitment Agency marginally missed its target to meet the Army's requirement for soldiers, but significantly improved achievement by 12% over the previous year.
6. In some cases, achievements against agency targets have reached practical ceilings where it is not cost effective to improve performance further. These targets are retained to counteract decline in those aspects of performance. For example, performance against the Defence Medical Training Organisation's academic success targets was fairly static but continued to be extremely high. The academic success rate achievement for phase two training, specialist registrars and pre-registration nurses was 95%, 100% and 98% respectively.
7. Agencies also contributed to wider MOD efficiency and 'joined up' Government, both nationally and internationally. For example:
- The Disposal Services Agency completed the successful signing of the Government-to-Government Letter of Intent between the MOD and the Government of Romania for two Type 22 frigates (HMS COVENTRY and HMS LONDON). This will bring work to UK Industry to the value of £75M over the next two years;
 - The Defence Aviation and Repair Agency demonstrated great success since its conversion to Trading Fund status, and was 55% ahead of schedule in the delivery of fixed-wing aircraft; and
 - The Meteorological Office conducted ground-breaking research into weather and health, funded by HM Treasury and developed in partnership with the Department of Health and the NHS. The pilot Health Forecasting Service saved one hospital £400,000 over a few weeks during December 2001 and January 2002. The Meteorological Office plans to expand such health-related activities world-wide.
8. In striving for continuous improvement, a number of agencies are benchmarking their processes and performance against other leading organisations in the public and private sector. For example:
- The Defence Analytical Services Agency hosted four successful Beacon events to spread good practice in the public sector and was re-accredited as an Investor in People in September 2001. The Agency won the prize for the Best Medium Sized Organisation in the Excellence South West Awards in December 2001.
9. The MOD is committed to the regular and rigorous review of all its activities, including its agencies. In line with the recommendations of the recently published Agency Policy Review, the MOD began work to establish a central programme of end-to-end business reviews, focused on processes rather than discrete organisations. As regards agencies, this new approach will subsume previously planned quinquennial reviews. Further details will be provided in next year's Departmental Performance Report.

10. Details of the aims, operating costs and manpower of the Defence agencies are available on the MOD website at <http://www.mod.uk>. This information also includes the names and addresses of the current Chief Executives, from whom copies of the agency Framework Documents and annual reports may be obtained. The annual reports give more detail on the achievement of targets as well as other significant elements of performance for the year.

Non-Departmental Public Bodies

11. Details, including descriptions of the purpose and size of the MOD's Non-Departmental Public Bodies, their funding and the names and addresses of their Directors or General Managers can be found on the MOD website at <http://www.mod.uk> and the Treasury website at <http://www.hm-treasury.gov.uk>. Details of appointments to Non-Departmental Public Bodies are published by the Cabinet Office at <http://www.cabinet-office.gov.uk/quango/index/pubapp.htm>.

Annex D: Government Standards

Fraud

1. Recognising the ramifications of the Public Interest Disclosure Act, the Defence Fraud Analysis Unit became the nominated point of contact for 'whistleblowing' disclosures relating to fraud. Accordingly, a 'hotline' number was instigated and this led to an increased volume of disclosures. 200 suspected cases of fraud, including 84 thefts, were reported to HM Treasury for 2001/02, with an estimated value of £1.4M. Contract fraud accounted for 49 of these cases (totalling £1.1M). New guidance was issued on the reporting of suspected fraud and an overarching strategy was prepared, in support of which the Fraud Analysis Unit embarked upon a series of 'no notice' inspections at various MOD sites. A Memorandum of Understanding between the MOD and the National Audit Office was agreed on the sharing of fraud data and co-ordination of activity. The programme of fraud awareness training covered some 4,000 staff in the UK and overseas.

Bill Paying Performance

2. The Departmental aim remained to pay bills in accordance with agreed contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice. Details of performance shown in Table 22 are also set out in the forewords to the relevant agency accounts, which have been agreed with the National Audit Office.

3. In 2001/02, the Trading Funds represented about 2% of the bills paid by MOD. In the following table their performance, although improved, appears to be slightly below that of MOD Headquarters. This is largely a result of small differences in the contractual period in which invoices are accepted as valid.

Table 22: Bill Paying Performance – Proportion of Bills Settled within 30 Calendar Days				
	2000/2001		2001/2002	
	Target	Achieved	Target	Achieved
MOD Headquarters (98% of total)	100%	100%	100%	100%
Defence Aviation Repair Agency ^[1] (0.6% of total)	N/A	N/A	100%	90.6%
Defence Science and Technology Laboratory ^[2] (0.6% of total)	N/A	N/A	100%	98.1%
Meteorological Office (0.5% of total)	100%	96.8%	100%	99.6%
UK Hydrographic Office (0.3% of total)	100%	98.5%	100%	98.9%
Notes:				
^[1] The Defence Aviation Repair Agency became a Trading Fund on 1 April 2001; direct comparison with pre-Trading Fund status is not practicable.				
^[2] The Defence Science and Technology Laboratory was established on 1 July 2001; direct comparison with 2000/01 is not therefore possible.				

Accountability to Parliament

4. In 2001/02 the Department responded to 3 reports published by the Committee of Public Accounts and 7 reports published by the House of Commons Defence Committee, as shown in Tables 23 and 24 respectively.

Table 23: Reports published by the Committee of Public Accounts in 2001/02		
Report Number	Title	Government Reply
14 th Report 2000/01	Ministry of Defence: Managing Reductions in the Number of Vacant Family Quarters	Cm 5261
5 th Report 2001/02	Ministry of Defence: Major Projects Report 2000	Cm 5450
6 th Report 2001/02	Ministry of Defence: Major Projects Report 2000 – The Role of the Equipment Capability Customer	Cm 5450

Table 24: Reports published by the House of Commons Defence Committee in 2001/02		
Report Number	Title	Date of Government Reply
2 nd Report 2000/01	The Strategic Defence Review: Policy for People (HC 29)	10 April 2001
4 th Report 2000/01	The Draft Defence Aviation Repair Agency Trading Fund Order 2001 (HC 261)	3 May 2001
5 th Report 2000/01	The Draft Defence Science and Technology Laboratory Trading Fund Order 2001 (HC 289)	3 May 2001
6 th Report 2000/01	The Strategic Defence Review: The Reserves (HC 412)	13 July 2001
8 th Report 2000/01	The MOD's Annual Reporting Cycle 2000-01 (HC 144)	25 June 2001
1 st Report 2001/02	The MOD Police: Changes in Jurisdiction Proposed Under The Anti-Terrorism, Crime and Security Bill 2001 (HC 382)	1 Feb 2002
2 nd Report 2001/02	The Threat from Terrorism (HC 348)	5 March 2002

Parliamentary Correspondence

5. Table 25 shows Departmental and agency performance in replying to correspondence from Members of Parliament, Members of Devolved Legislatures, Members of the European Parliament, and Peers during 2001/02.

Table 25: Departmental and Defence Agency Performance in Replying to Correspondence from Members of Parliament, Members of Devolved Legislatures, Members of the European Parliament, and Peers.			
	Target set for despatch (working days)	Number of letters received for answer	% of replies within target
Ministry of Defence (excluding Defence Agencies)	15	5114	85
Defence Agencies			
Armed Forces Personnel Administration Agency	15	2	100
Army Base Repair Organisation	15	3	100
Army Personnel Centre	15	28	96
Army Training and Recruiting Agency	15	0	N/A
British Forces Post Office	15	5	100
Defence Analytical Services Agency	15	0	N/A
Defence Aviation Repair Agency	15	0	N/A
Defence Bills Agency	10	0	N/A
Defence Communication Services Agency	15	0	N/A
Defence Dental Agency	10	0	N/A
Defence Estates	15	0	N/A
Defence Geographic and Imagery Intelligence Agency	15	0	N/A
Defence Housing Executive	15	0	N/A
Defence Intelligence and Security Centre	15	0	N/A
Defence Medical Training Organisation	15	0	N/A
Defence Procurement Agency	15	6	100
Defence Science & Technology Laboratory	15	0	N/A
Defence Secondary Care Agency	15	0	N/A
Defence Storage and Distribution Agency	15	1	100
Defence Transport and Movements Agency	15	0	N/A
Defence Vetting Agency	15	7	100
Disposal Services Agency	15	1	100
Duke of York's Royal Military School	15	0	N/A
Hydrographic Office	15	3	100
Medical Supplies Agency	15	0	N/A
Meteorological Office	15	10	90
Ministry of Defence Police	15	1	100
Naval Manning Agency	15	9	67
Naval Recruiting and Training Agency	15	0	N/A
Pay and Personnel Agency	10	6	100
Queen Victoria School	15	2	100
RAF Personnel Management Agency	15	3	100
RAF Training Group	15	0	N/A
Service Children's Education	15	1	100
Veterans Agency	20	438	99
Warship Support Agency	15	5	100

Open Government

6. On 13 November 2001 the Lord Chancellor announced that the Freedom of Information Act would be implemented in two main stages. The individual right of access to information will come into effect in January 2005 for all public authorities, and the obligation to adopt and maintain a Publication Scheme will be introduced progressively from November 2002, beginning with Government departments. The MOD agreed to be one of five departments involved in a pilot Publication Scheme project sponsored by the Information Commissioner, and this was launched (at www.foi.mod.uk) in February 2002. Efforts have subsequently focused on developing the MOD's full Publication Scheme, including a Department-wide review to identify and structure within 'Classes' the information that MOD intends to make available proactively.

7. In parallel, efforts have continued to increase awareness of the Act throughout the MOD. A Practitioners Group was established in October 2001 and this has since been complemented by the formation of a Freedom of Information Programme Board responsible for overseeing development of the policies and processes needed to ensure successful implementation across Defence. Until the Act is fully implemented, MOD will continue to respond to requests for information in accordance with the Code of Practice on Access to Government Information. In 2001/02, the MOD's Internet site was used to disseminate a wide range of information – including maps, photographs and background material – on Operation VERITAS (the UK's response to the events of 11 September). More routinely, the review of records that have been closed for more than 30 years continued; 76 such records were released to the Public Records Office in 2001, bringing the total number to 12,046 since the programme's inception in 1992.

Table 26: Requests in 2001 for information under the Code of Practice on Access to Government Information

Category	Number
Number of Code requests dealt with over the period	79
Number of Code requests answered within 20 working days	57
Number of Code requests for which charges were made	3
Number of Code requests where some information was withheld	40
Number of internal reviews completed	4
Number of internal reviews completed within 20 working days	0
Number of internal reviews where the original decision was upheld	1
Number of internal reviews where additional information was disclosed	3
Number of investigations completed by the Parliamentary Ombudsman	1
Number of Ombudsman investigations where MOD's decision was upheld	1
Number of Ombudsman investigations where additional information was disclosed	0

Advertising and Publicity

8. Table 27 shows the advertising and publicity costs incurred by the MOD in 2001/02. As part of the Government's response to the Sixth Report of the Committee on Standards in Public Life, the MOD has compiled a summary of all sponsorship of MOD activities by the private or voluntary sector valued at over £5,000. This information will be updated annually. The current list, which gives the position on 31 March 2002, can be viewed at <http://www.mod.uk>.

Table 27: Advertising and Publicity Costs (£ million)		
Category	2000/01	2001/02
Recruitment:		
Royal Navy/Royal Fleet Auxiliary	6.5	8.1
Army	17.3	23 ^[1]
Royal Air Force	6.9	8
Civilian	3.4	4.9
PR, Marketing and Business Support Services	2.9	2.6
Chief of Public Relations Expenditure	2.8	3.1
Sales Promotion	1.7	2.3
Scholarships	0.9	1
National Employers Liaison Committee (Territorial Army)	1.1	0.9
Notes:		
^[1] Includes expenditure on Territorial Army marketing.		

Safety, Health, Environment and Fire Issues

9. The Defence Nuclear Safety Board was established in 2001/02, putting in place the final supporting pillar of the Department's overarching Safety Management System. Good progress was also made on other priorities, including a new contract for the provision of occupational health services to MOD civilian staff and a new programme of health screening. Environmental monitoring in the Balkans progressed well, and work was in hand to implement the recommendations of a study into the management of safety, health, environment and fire in operational theatres. In addition:

- A Memorandum of Understanding was signed in July 2001 between the MOD and the Environment Agency to ensure effective co-operation on issues of environmental protection;
- A single methodology for the conduct of safety, health, environment and fire audits was agreed and set out in the relevant Departmental Audit Manual;
- Two more individual MOD sites were certified to the ISO 14001 standard for Environmental Management Systems during 2001/02, bringing the total to seven;
- MOD continued to participate actively in the Government's Revitalising Health and Safety agenda, contributing members to the various inter-Departmental steering and working groups. In line with the requirement to reduce sickness absence, MOD set itself two targets:
 - To reduce by 10% over ten years the major and serious injury rate from 609.18 per 100,000 civilian staff;
 - To reduce the number of days lost per member of staff from 8.5 to 6.6 by 2003;
- The revised MOD Health and Safety Handbook was completed in October 2001, incorporating updated health and safety procedures;
- The Department's nuclear waste strategy was published on the Internet;

- The Stewardship Report on the Defence Estate 2001 was published in January 2002. It reviewed the Estate Strategy and progress against it, supported by a detailed account of performance against indicators based on those in the Government's "Better Quality of Life" document; and
- An "Appraisal Handbook for Sustainability and the Environment" was launched at a conference of Statutory Bodies and Non-Governmental Organisations in March 2002.

10. Further information on MOD's environmental and safety performance can be found in the Defence Environment and Safety Report 2001/02 and in the Green Ministers' Report 2001/2002.

Annex E: Force Structure

The Strength of the Fleet on 31 March 2002

Table 28: Royal Navy					
Type / Class	Base Port ^[1]	No.	Operational or engaged in preparing for service, trials or training	No.	Undergoing refit or held at a low level of readiness
Submarines					
Trident	F	3	Vengeance, Victorious, Vigilant,	1	Vanguard
Fleet	D	6	Talent, Tireless, Torbay, Trafalgar, Triumph, Turbulent	1	Trenchant
	F	1	Splendid	4	Sceptre, Sovereign, Spartan, Superb
Aircraft Carriers	P	2	Illustrious, Ark Royal	1	Invincible
Landing Platform Dock	^[2]	0			
Landing Platform Helicopter	D	1	Ocean		
Destroyers					
Type 42	P	8	Cardiff, Edinburgh, Exeter, Glasgow, Newcastle, Nottingham, Southampton, York	3	Liverpool, Gloucester, Manchester
Frigates					
Type 23	D	7	Argyll, Montrose, Norfolk, Northumberland, Portland, Somerset, Sutherland	1	Monmouth
	P	6	Lancaster, Richmond, Grafton, St Albans, Westminster, Kent	2	Iron Duke, Marlborough
Type 22	D	5	Campbeltown, Chatham, Cornwall, Cumberland, Sheffield		
Offshore Patrol					
Castle Class	P	2	Leeds Castle, Dumbarton Castle		
Island Class	P	5	Alderney, Anglesey, Guernsey, Lindisfarne, Shetland		
Minehunters					
Hunt Class	F	5	Atherstone, Brecon, Brocklesby, Cottesmore, Dulverton		
	P	6	Cattistock, Chiddingfold, Hurworth, Ledbury, Middleton, Quorn		
Sandown Class	F	4	Blythe, Bridport, Inverness, Penzance		
	P	6	Bangor, Grimsby, Pembroke, Ramsey, Sandown, Walney	1	Shoreham
Patrol Craft					
Coastal Training Craft		14	Archer, Biter, Blazer, Charger, Dasher, Example, Exploit, Explorer, Express, Puncher, Pursuer, Raider, Smiter, Tracker		
Gibraltar Search and Rescue Craft	G	2	Ranger, Trumpeter		
Ice Patrol Ship	P	1	Endurance		
Survey Ships	D	3	Gleaner, Roebuck, Scott		

Table 28: Royal Navy

Notes:

^[1] F – Faslane, D – Devonport, P – Portsmouth, G – Gibraltar.

^[2] HMS FEARLESS was withdrawn from service in March 2002. The two replacement Landing Platform Docks, HMS ALBION and HMS BULWARK, will be based at Devonport.

Table 29: Royal Fleet Auxilliary				
Type / Class	No.	Operational or engaged in preparing for service, trials or training	No.	Undergoing refit
Fleet Tankers	2	Gold Rover, Grey Rover	1	Black Rover
Support Tankers	3	Bayleaf, Oakleaf, Orangeleaf	1	Brambleleaf
Fleet Replenishment Ships	3	Fort Austin, Fort George, Fort Rosalie	1	Fort Victoria
Aviation Training Ship	1	Argus		
Landing Ships	4	Sir Galahad, Sir Geraint, Sir Percivale, Sir Tristram	1	Sir Bedivere
Forward Repair Ship	1	Diligence		
Roll-on Roll-off Vessel	2	Sea Crusader, Sea Centurion		

Table 30: Naval Aircraft			
Type / Class ^[1]	Aircraft	No.	Squadron
Anti Submarine	Sea King HAS 6	7	820
	Sea King HAS 6	5	771 ^[2]
	Merlin	4	814
	Merlin	9	824 ^[3]
	Merlin	3	700M
Anti Submarine / Anti Ship	Lynx HAS3, Lynx HMA8	8	815 HQ
	Lynx HAS3, Lynx HMA8	25	815 Flights
	Lynx HAS3, Lynx HMA8	2	Lynx OEU
	Lynx HAS3, Lynx HMA8	12	702
Airborne Early Warning	Sea King AEW2	5	849 HQ and A Flt
	Sea King AEW7	2	849 B Flt
Aircrew Training	Jetstream T2	7	750
Search and Rescue	Sea King Mk5	5	771 ^[4]
Fleet Training Support	Hawk	12	
Support	Jetstream T3	2	750 (Heron Flight)

Notes:

^[1] Sea Harriers transferred to Joint Force Harrier on 1 April 2000, and Commando helicopters transferred to Joint Helicopter Command on 1 October 1999. See Table 44 for details.

^[2] 771 Sqn includes 2 T22 Flight (Sea King).

^[3] 824 Squadron includes 1 T23 Flight (Merlin).

^[4] 771 Sqn includes Gannet SAR Flight.

Table 31: Royal Marines	
Unit	Number
Headquarters	
3 Commando Brigade Headquarters RM	1
UK Landing Force Command Support Group	1
Commandos	
RM Commando (40, 42 and 45 Cdo)	3
Artillery	
Commando Regiment RA ^[1]	1
Commando Air Defence Battery RA ^[1]	1
Engineers	
Commando Squadron RE ^[1]	1
Commando Squadron RE (Volunteer) ^[1]	1
Logistics Unit	
Commando Logistic Regiment RM	1
Fleet Security including National Strategic Deterrent	
Nuclear Guarding and Fleet Security Squadrons	3
Assault Squadrons (Landing Craft)	
	4
Notes:	
^[1] Army units assigned to 3 Commando Brigade.	

Table 32: Royal Naval Reserve Units	
Unit ^{[1] [2]}	Location
HMS CALLIOPE	Gateshead
HMS CAMBRIA	Sully
HMS CAROLINE	Belfast
HMS DALRIADA	Greenock
HMS EAGLET	Liverpool
HMS FERRET	Chicksands
HMS FLYING FOX	Bristol
HMS FORWARD	Birmingham
HMS KING ALFRED	Portsmouth
HMS PRESIDENT	London
HMS SCOTIA	Rosyth
HMS SHERWOOD	Nottingham
HMS VIVID	Plymouth
HMS WILDFIRE	Northwood
RNR AIR BRANCH	Yeovilton
RNR DIVER BRANCH	HQ Fleet Diving Group, Portsmouth

Table 32: Royal Naval Reserve Units

Notes:

- ^[1] Each unit comprises personnel from the Royal Naval Reserve branches: Operations, Medical, Defence Intelligence Staff, Interrogators, Public Affairs and Air.
- ^[2] Satellite units and their parent Regional Training Centres are: Oxford Division (HMS WILDFIRE), Tay Division in Dundee and Forth Division in Edinburgh (HMS SCOTIA), Calder Division in Batley (HMS SHERWOOD), Foyle Division in Londonderry (HMS CAROLINE), Medway Division in Chatham (HMS PRESIDENT), Tawe Division in Swansea (HMS CAMBRIA), and Menai Division in Llandudno (HMS EAGLET).

Table 33: Royal Marine Reserve Units

Unit ^[1]	Location
RMR CITY OF LONDON	London
RMR SCOTLAND	Glasgow
RMR BRISTOL	Bristol
RMR MERSEYSIDE	Liverpool
RMR TYNE	Newcastle

Notes:

^[1] Satellite units and their parent unit are as follows: Greenock, Edinburgh and Dundee – SCOTLAND; Manchester and Birmingham – MERSEYSIDE; Lymstone, Plymouth, Cardiff and Poole – BRISTOL; and Chatham, Portsmouth and Henley – LONDON.

The Strength of the Army on 31 March 2002

Table 34: Major Army Combat Headquarters

Headquarters	Based in:		
	UK	Germany	Elsewhere
NATO Corps HQ	-	1	-
Armoured Division HQ	-	1	-
Mechanised Division HQ	1	-	-
Division/District HQ	4 ^[1]	1 ^[2]	-
Deployable Brigade HQ	4 ^[3]	4 ^[4]	-
Infantry Brigade HQ (NI)	3	-	-
Regional Brigade HQ	10 ^[5]	-	-

Notes:

^[1] Includes 2, 4 and 5 Divisions, and HQ London District.

^[2] UKSC(G).

^[3] Includes 101 Logistics Brigade, but not the Reconnaissance Brigade (which now operates as 4 Formation Recce Regiments).

^[4] Includes 102 Logistics Brigade.

^[5] Includes 2 and 52 Infantry Brigades.

Unit	Regular Army based in:			Territorial Army
	UK	Germany	Elsewhere	UK
Combat Arms				
Armour				
Armoured Regiments	1	5	-	-
Armoured Reconnaissance Regiments	3	1	-	-
Yeomanry Regiments	-	-	-	4
Infantry				
Armoured Infantry Battalions	3	6	-	-
Mechanised Battalions	6	-	-	-
Air Assault Battalions	4 ^[1]	-	-	-
Northern Ireland Resident Battalions	6 ^[2]	-	-	-
Light Role Battalions	10	-	2	15
Land Warfare Training Centre BG	1	-	-	-
Gurkha Battalions	1	-	1	-
Home Service	3	-	1 ^[3]	-
Combat Support				
Artillery^[4]				
Field Regiments	4	3	-	2
MLRS Regiments	2	-	-	1
Air Defence Regiments	3	1	-	3
Surveillance & Target Acquisition	1	-	-	1
Engineers				
Engineer Regiments	7	4	-	5
Signals^[5]				
Signal Regiments	4	3	1	11
Electronic Warfare Regiments	1	-	-	-
Combat Service Support				
Equipment Support Battalions	3	3	-	4
ES Battalion Aviation	1	-	-	-
Logistics				
Logistics Regiments ^[6]	13	6	1	17
Medical				
Medical Regiments	4 ^[7]	1	-	-
Field Ambulances	-	-	-	4
Hospitals	3	-	-	11 ^[8]
Notes:				
^[1] Including 1 in-role Parachute Battalion.				
^[2] 1 Battalion rear-based as the Mainland Battalion.				
^[3] Royal Gibraltar Regiment.				
^[4] Excludes 29 Commando Regiment Royal Artillery.				

Table 35: Major Army Units

Notes

^[5] Excludes Royal School of Signals.

^[6] Includes Cyprus Support Unit.

^[7] 16 CS Med Regt and 5 GS Med Regt have 1 Territorial Army Squadron each. 4 GS Med Regt has 2 Territorial Army Squadrons.

^[8] 10 Independent Field Hospitals and 1 Specialist Field Hospital.

Table 36: Army Equipment Holdings within the scope of the Conventional Armed Forces in Europe Treaty ^[1]

Unit	Tanks				Armoured Combat Vehicles (ACVs)		ACV Lookalikes		Artillery		AVLB	Attack Helos
	CR1 ^[2]	CR2	Chf	Cent	Warrior	Others	Warrior	Others	MLRS	Other		
HQ 2 Div ^[3]	0	0	2	1	31	246	17	193	30	64	6	17
HQ 4 Div	1	15	3	0	12	238	15	239	3	75	0	139
HQ 5 Div ^[4]	247	98	17	7	181	659	56	453	31	162	28	21
London	0	0	0	0	0	24	0	39	0	10	0	0
UKSC(G) ^[5]	0	216	0	1	306	495	122	541	0	66	19	12
HQ Land Total	248	329	22	9	530	1,662	210	1,465	64	377	53	189
N. Ireland	0	0	0	0	0	108	0	0	0	0	0	39
Cyprus	0	0	0	0	0	16	0	0	0	0	0	4
Total	248	329	22	9	530	1,786	210	1,465	64	377	53	232

Notes:

^[1] On 1 January 2002.

^[2] Although the Challenger 1 tank has been largely withdrawn from Service, and replaced by Challenger 2, they remain in the UK and are therefore accountable for CFE purposes.

^[3] Figures include Scotland.

^[4] Figures include HQ 3 Division.

^[5] Figures include 1(UK) Armoured Division.

The Strength of the Royal Air Force on 31 March 2002

Table 37: Royal Air Force Strike Command Units			
Squadron	Station	Aircraft Type	Number
Strike / Attack			
9 Sqn	RAF Marham	Tornado GR1/4	12
14 Sqn	RAF Lossiemouth	Tornado GR1/4	12
31 Sqn	RAF Marham	Tornado GR1/4	12
12 Sqn	RAF Lossiemouth	Tornado GR1/4	12
617 Sqn	RAF Lossiemouth	Tornado GR1/4	12
XV(R) Sqn	RAF Lossiemouth	Tornado GR1/4	26
Offensive Support			
6 Sqn	RAF Coltishall	Jaguar GR3/3A Jaguar T4	11 1
54 Sqn	RAF Coltishall	Jaguar GR3/3A Jaguar T4	11 1
16 (R) Sqn	RAF Coltishall	Jaguar GR3/3A Jaguar T4	4 4
Reconnaissance			
2 Sqn	RAF Marham	Tornado GR4A	12
13 Sqn	RAF Marham	Tornado GR4A	12
41 Sqn	RAF Coltishall	Jaguar GR3/3A Jaguar T4	12 1
51 Sqn	RAF Waddington	Nimrod R1	3
39 (1 Photographic Reconnaissance Unit) Sqn	RAF Marham	Canberra PR9 Canberra T4	4 1
Maritime Patrol			
120/201/206/42 (R) Sqns	RAF Kinloss	Nimrod MR2	20
Air Defence			
5 Sqn	RAF Coningsby	Tornado F3	13
11 Sqn	RAF Leeming	Tornado F3	13
25 Sqn	RAF Leeming	Tornado F3	13
43 Sqn	RAF Leuchars	Tornado F3	14
111 Sqn	RAF Leuchars	Tornado F3	13
56 (R) Sqn	RAF Coningsby	Tornado F3	20
Strike Command Operational Evaluation Unit	RAF Coningsby	Tornado F3	3
1435 Flt	Mount Pleasant	Tornado F3	4
Air Surveillance and Control System			
1 Air Control Centre	Deployable Air Command and Control		1
United Kingdom			
RAF Buchan	Control and Reporting Centre		

Table 37: Royal Air Force Strike Command Units			
Squadron	Station	Aircraft Type	Number
RAF Neatishead	Control and Reporting Centre		
RAF Boulmer	Standby Control and Reporting Centre		
RAF Benbecula	Remote Radar Head		
RAF Portreath	Reporting Post		
RAF Saxa Vord	Remote Radar Head		
RAF Staxton Wold	Remote Radar Head		
Falkland Islands			
Mount Pleasant Airfield	Control and Reporting Centre		
Byron Heights	Reporting Post		
Mount Alice	Reporting Post		
Mount Kent	Reporting Post		
Airborne Early Warning and Control			
8/23 Sqns	RAF Waddington	Sentry AEW	6
Air Transport/Air to Air Refuelling			
99 Sqn	RAF Brize Norton	C-17A Globemaster III	4
24/30/47/70 Sqns	RAF Lyneham	Hercules C1/C3/C4/C5	45
57 (R) Sqn	RAF Lyneham	Hercules C3/C4/C5	5
10 Sqn	RAF Brize Norton	VC10 C1K	10
101 Sqn	RAF Brize Norton	VC10 K3	4
		VC10 K4 ⁽¹⁾	5
216 Sqn	RAF Brize Norton	Tristar K1	1
		Tristar KC1	4
		Tristar C2	3
1312 Flt ⁽²⁾	Mount Pleasant	Hercules C1	1
		VC10 (Mark will vary)	1
32 (The Royal) Sqn	RAF Northolt	BAe 125 CC3	5
		BAe 146 CC2	2
		Twin Squirrel ⁽³⁾	3
Support Helicopters			
84 Sqn	RAF Akrotiri	Wessex HC2	3
Search and Rescue			
22 Sqn Headquarters	RMB Chivenor	Sea King HAR3/3A	8
	A Flight		
	B Flight		
	C Flight		
202 Sqn Headquarters	RAF Boulmer	Sea King HAR3	8
	RAF Boulmer		

D Flight	RAF Lossiemouth		
E Flight	RAF Leconfield		
203 (R) Sqn	RAF St Mawgan	Sea King HAR3	3
78 Sqn	Mount Pleasant	Sea King HAR3	2
Miscellaneous Units			
100 Sqn (Target Towing)	RAF Leeming	Hawk T1/T1A/T1W	16
JFACTSU	RAF Leeming	Hawk T1/T1A	2
Strike Attack Operational Evaluation Unit	Boscombe Down	Tornado GR4	2
		Harrier GR7	3
		Jaguar	1
RAF Northolt Station Flt	RAF Northolt	Islander CC2/2A	1
Battle of Britain Memorial Flt	RAF Coningsby	Lancaster	1
		Hurricane	2
		Spitfire	5
		Dakota	1
		Chipmunk T10	2
Reserves			
Reserves		BAe 125	1
		Canberra PR9/T4	2
		Hawk T1/T1A/T1W	25
		Hercules C1/C3	1
		Islander CC2	1
		Jaguar GR1A/T2A/3/3A/T4	20
		Nimrod MR2	1
		Sea King HAR3/3A	4
		Sentry AEW1	1
		Tornado F3	20
		Tornado GR1/4	75
		Tristar K1/KC1/C2	1
		VC10 C1K	1
		Wessex HC2	2
Notes:			
^[1] 4 with effect from 1 April 2002.			
^[2] Both aircraft are from Required Operating Fleet, not in addition.			
^[3] Civilian owned and military operated.			

Table 38: Royal Air Force Regiment Units			
Squadron	Station	Equipment	Number
TAC STO HQs			
No 1 RAF TAC STO HQ	RAF Wittering		
No 2 RAF TAC STO HQ	RAF Leeming		
No 3 RAF TAC STO HQ	RAF Marham		
No 4 RAF TAC STO HQ (formed from Field Force HQ)	RAF Honington		
Ground Based Air Defence Squadrons			
15 Sqn RAF Regt	RAF Honington	Rapier FSC Fire Unit	6
16 Sqn RAF Regt	RAF Honington	Rapier FSC Fire Unit	6
26 Sqn RAF Regt	RAF Waddington	Rapier FSC Fire Unit	6
37 Sqn RAF Regt	RAF Wittering	Rapier FSC Fire Unit	6
Joint Rapier Training Unit	RAF Honington	Rapier FSC Fire Unit	2
Field Squadrons			
1 Sqn RAF Regt	RAF St Mawgan		
2 Sqn RAF Regt	RAF Honington		
3 Sqn RAF Regt	RAF Aldergrove		
34 Sqn RAF Regt	RAF Leeming		
51 Sqn RAF Regt	RAF Lossiemouth		
63 (QCS) Sqn RAF Regt	RAF Uxbridge		

Table 39: Specialist Nuclear, Biological and Chemical Defence			
Squadron	Station	Equipment	Number
Defence Nuclear, Biological and Chemical Centre	Winterbourne Gunner		1
SIBCRA – Sampling and Identification of Biological, Chemical and Radiological Agents	RAF Honington		1

Table 40: Royal Air Force Personnel and Training Command Units			
Squadron	Station	Aircraft type	Number
Elementary Training			
Elementary Flying Training Standards/Central Flying School Tutor Sqn	RAF Cranwell	Tutor	[1]
University Air Squadrons' Air Experience Flts	Various	Tutor	[1]
JEFTS	RAF Barkston Heath	Firefly	[1]
Volunteer Gliding Schools	Various	Viking Vigilant	89 57 [2]
Basic Training			
Basic Flying Training (including Central Flying School)	RAF Linton-on-Ouse	Tucano	76
Multi Engine Elementary Training	RAF Cranwell	Firefly	[1]
Multi Engine Lead-in Unit	RAF Cranwell	Jetstream T1	9
Navigator Training Unit	RAF Cranwell	Dominie T1	9
Advanced Training			
Advanced Training and Tactics Unit	RAF Valley	Hawk T1/T1A/T1W	69
Defence Helicopter Flying School	RAF Shawbury	Squirrel HT1 Squirrel HT2 Griffin HT1	[1] [1] [1]
Miscellaneous Units			
RAF Aerobatic Team (Red Arrows)	RAF Cranwell	Hawk T1/T1A	10
Centre of Aviation Medicine	Boscombe Down	Hawk T1/T1A	2
Reserves			
Reserves		Dominie T1 Hawk T1/T1A/T1W Jetstream T1 Tucano	2 7 [3] 2 50
Notes:			
[1] Tutor, Firefly, Squirrel and Griffin are owned by a private contractor, not by Personnel and Training Command.			
[2] 7 Vikings and 2 Vigilants included in the total are held in reserve.			
[3] Included in the Strike Command total number.			

Table 41: Air Combat Support Units and Air Combat Service Support Units	
Unit	Number
Defence Electronic Warfare Centre	1
Mobile Meteorological Unit	1
Tactical Medical Wing	1
Tactical Provost Wing	3
Volunteer Reserve Intelligence Sqns (7006/7010/7630(VR) Int and Photo Int)	3
2 Mechanical Transport Sqn	1
5001 EAF Sqn	1
5131 Bomb Disposal Sqn	1
Tactical Armament Sqn	1
Deployable Support Group	1
Mobile Catering Support Group	1
Tactical Communications Wing	1
UKMAMS	1
591 Signals Unit	1
Deployable Admin Group	1
Tactical Engineering Support Unit	1
ES(Air) Forward Support Sqn	1
Deployable Air Surveillance and Control System	1
Tactical Fire Wing	1
Deployable Air Traffic Control Unit	1
Theatre Air Lift Control Element	1
VR Media Ops Sqn (7644 Sqn RAuxAF)	1
Tactical IMINT Wg	1
Tactical Survive to Operate HQs	4

Table 42: Royal Auxilliary Air Force and Royal Air Force Reserve Units	
Squadron	Station
R Aux AF Regiment Field Squadrons	
2503 (County of Lincoln) Sqn	RAF Waddington
2622 (Highland) Sqn	RAF Lossiemouth
2623 (East Anglian) Sqn	RAF Honington
2625 (County of Cornwall) Sqn	RAF St Mawgan
Specialist Squadrons	
600 (City of London) Sqn	RAF Northolt
612 (County of Aberdeen) Sqn	RAF Leuchars
4624 (City of Oxford) Movement Sqn	RAF Brize Norton
4626 (County of Wiltshire) Aeromedical Evacuation Sqn	RAF Lyneham
7006(VR) Intelligence Sqn	RAF Waddington
7010(VR) Photographic Interpretation Sqn	RAF Waddington
7630(VR) Intelligence Sqn	Defence Intelligence and Security Centre, Chicksands
7644(VR) Public Relations Sqn	RAF Halton
Operations Support Squadrons	
504 (County of Nottingham) Sqn	RAF Cottesmore
603 (City of Edinburgh) Sqn	Edinburgh
606 (Chiltern) Sqn	RAF Benson
609 (West Riding) Sqn	RAF Leeming
2620 (County of Norfolk) Sqn	RAF Marham
2624 (County of Oxford) Sqn	RAF Brize Norton
Hercules Reservist Aircrew Flight	RAF Lyneham
Training and Standardisation Squadrons	
Training and Standardisation Squadrons	RAF Shawbury
RAF Reserve Unit	
Mobile Meteorological Unit	RAF Benson

Joint Units

Table 43: Major Joint Units	
Unit	Number
Headquarters	
Permanent Joint HQ	1
Joint Force HQ	1
Special Forces	
SAS Regiments (includes 2 x TA regiments)	3
SBS Squadrons	4
Joint NBC Regiment, Honington	1

Table 44: Joint Helicopter Command and Joint Force Harrier			
Unit	Aircraft	No.	Squadron
Joint Helicopter Command			
Air Assault Brigade HQ		1	
Royal Navy Helicopter Squadrons	Sea King HC4	10	845 Sqn
	Sea King HC4	10	846 Sqn
	Sea King HC4	9	848 Sqn
	Lynx AH7	6	847 Sqn
	Gazelle	9	847 Sqn
Army Aviation Regiments	Lynx	117	6 x Regiments (including 1x TA)
	Gazelle	117	
	Islander	5	
Royal Air Force Helicopter Squadrons	Chinook HC2	5	7 Sqn
	Chinook HC2	15	18 Sqn
	Chinook HC2	10	27 Sqn
	Chinook HC2	1	78 Sqn
	Wessex HC1	8	72 Sqn
	Puma HC1	5	72 Sqn
	Puma HC1	15	33 Sqn
	Puma HC1	13	230 Sqn
	Merlin	6	28 Sqn
Joint Force Harrier – Air Defence / Recce / Attack			
Royal Navy aircraft	Sea Harrier F/A2	8	800 Sqn
	Sea Harrier F/A2	8	801 Sqn
	Sea Harrier F/A2	10	899 Sqn
	Harrier T4/T8	4	899 Sqn
Royal Air Force aircraft	Harrier GR7	13	1 Sqn
	Harrier T10	1	
	Harrier GR7	13	3 Sqn
	Harrier T10	1	
	Harrier GR7	13	4 Sqn
	Harrier T10	1	
	Harrier GR7	9	20 (R) Sqn
	Harrier T10	6	
	Harrier GR7/T10	23	Reserves

Annex F: Defence Equipment Programme

The following tables show the numbers of deliveries accepted in 2001/02 and/or planned for 2002/03, on 31 March 2002, for major equipment programmes as defined in Note 1 to the tables.

Manoeuvre

1. The Manoeuvre area incorporates capabilities designed to provide direct and indirect battlefield engagement, tactical mobility, nuclear, biological and chemical defence, battlefield engineering, special projects and combat service support. While most of the equipment will be utilised by the Army, it also covers other services and joint organisations, for example assets that will belong to the Joint Helicopter Command.

Table 45: Capability Manager Manoeuvre Equipment Programme ^[1]							
Equipment	Number ordered before 1 April 2001	Number ordered during 2001/02	Number delivered before 1 April 2001	Number delivered during 2001/02	Deliveries Planned during 2002/03	Balance Outstanding	In-Service Date ^[2]
Armour/Anti Armour							
Challenger 2	386	0	250	85	51	0	1998
BRV Hippo	4	0	0	0	3	1	2003
Attack Helicopter	67	0	9	8	27	23	2001
Brimstone anti-armour weapon	^[3]	^[3]	^[3]	^[3]	6%	94%	2002
MRAV (Multi-Role Armoured Vehicle)	0	0	0	0	0	0	2008 ^[4]
Indirect Fire							
COBRA (Counter Battery Radar)	7	0	0	0	1	6	2004
Extended Range Ordnance/ Modular Charge System (ERO/MCS) for AS90 Self-Propelled Howitzer	ERO:202 barrels MCS: 650, 345	0	0	0	0	ERO: 202 barrels MCS: 650, 345	2004 ^[5]
Tactical Mobility							
Merlin HC Mk 3 (Utility EH101)	22	0	8	9	5	0	2000
Chinook MSH/HC2A	6	0	6	0	0	0	1997
Chinook MSH/HC3	8	0	4	4	0	0	2003 ^[6]
Mobility/Counter Mobility							
Trojan and Titan	66 ^[7]	0	0	0	0	66	2006
BR 90 Bridge Systems:							
Long Span/Two Span	9	0	9	0	0	0	1996 ^[8]
Vehicles	139	0	139	0	0	0	
Bridges	184	0	184	0	0	0	2001 ^[8]
Trestles	14	0	0	14	0	0	
SHIELDER ^[9]	30	0	22	8	0	0	2000
Combat Simulators							
Combined Arms Tactical Trainer	2	0	0	0	2	0	2002

Table 45: Capability Manager Manoeuvre Equipment Programme ^[1]

Notes:

- ^[1] Includes all current projects on which, at 31 March 2002, development expenditure of over £50M or production expenditure of over £100M had been approved, or for which an Invitation to Tender had been issued where procurement costs are expected to exceed £100M.
- ^[2] The precise definition of In Service Date varies with different equipment. However, in general terms it can be taken to refer to the date on which the equipment is expected to be available and supportable in Service in sufficient quantity to provide a usable operational capability.
- ^[3] Weapon numbers are classified.
- ^[4] The Multi-Role Armoured Vehicle is due to enter Service no later than March 2011. MOD is currently working with industry and its collaborative partners to achieve its In Service Date by 2008, with vehicles beginning delivery in 2007. Production orders will not be placed until 2005.
- ^[5] The In Service Date is currently under review.
- ^[6] The In Service Date of Chinook Mk3 has not yet been positively defined due to the effect of the DASHUMS programme. The Mk3 is likely to be introduced with a limited flight clearance, although full operating capability will be delayed until post DASHUMS in 2005.
- ^[7] 33 of each vehicle.
- ^[8] BR 90 consists of a number of elements: the two main ones, Combat Support Bridging and General Support Bridging, entered Service in December 1996 and March 1997 respectively. There are also a number of associated items of equipment including the Long Span and Two Span Equipment (which entered Service in 2000), and the Trestle Equipment (which entered Service in 2001).
- ^[9] A vehicle-launched scatterable mine system.

Strategic Deployment

2. The Strategic Deployment area covers the above water and under water battlespaces, and deployment, sustainability and recovery. It therefore contains programmes ranging from strategic airlift to the nuclear deterrent to amphibious landing craft. Although most programmes will subsequently be delivered to the Royal Navy and Royal Fleet Auxiliary, it also includes substantial Royal Air Force equipment. The table below does not reflect several major equipment programmes where orders have not yet been placed – for example, the future aircraft carriers, additional Astute class submarines, and future surface combatants.

Table 46: Capability Manager Strategic Deployment Equipment Programme ^[1]

Equipment	Number ordered before 1 April 2001	Number ordered during 2001/02	Number delivered before 1 April 2001	Number delivered during 2001/02	Deliveries Planned during 2002/03	Balance Outstanding	In Service Date ^[2]
Above Water Battlespace							
Type 23 Frigate	16	0	15	1	0	0	1989
Single-Role Minehunter	12	0	11	1	0	0	1989
Sting Ray Torpedo Mod 1	^[3]	^[3]	^[3]	^[3]	^[3]	^[3]	2006
Sonar 2087	0	6	0	0	0	12 ^[4]	2006
Type 45 Destroyer	3	3 ^[5]	0	0	0	6	2007
Seawolf Block 2	^[3]	^[3]	^[3]	^[3]	^[3]	^[3]	2005
Seawolf Mid-Life Update	44	0	0	0	0	44	2006
Under Water Battlespace							
Astute Class Submarine	3	0	0	0	0	3	2006 ^[6]
Swiftsure and Trafalgar Class Update	4	0	0	1	1	2	2004

Nimrod MRA4 ^[7]	18	0	0	0	0	18	2005
Merlin ASW Helicopter	44	0	27	12	5	0	1999
Spearfish Torpedo	[3]	[3]	[3]	[3]	[3]	[3]	1994
Deploy/Sustain/Recover							
A400M	0	0	0	0	0	25	2010
C-17	0	4	0	4	0	0	2001
Hercules C-130J	25	0	21	4	0	0	2000
Landing Platform Dock (Replacement)	2	0	0	0	1	1	2003
Auxiliary Oiler	2	0	0	0	2	0	2002 ^[8]
Alternative Landing Ship Logistics ^[9]	2	2	0	0	0	4	2004
Strategic Systems							
Vanguard Class (Trident)	4	0	4	0	0	0	1994

Notes:

- ^[1] Includes all current projects on which, at 31 March 2002, development expenditure of over £50M or production expenditure of over £100M had been approved, or for which an Invitation to Tender had been issued where procurement costs are expected to exceed £100M.
- ^[2] The precise definition of In Service Date varies with different equipment. However, in general terms it can be taken to refer to the date on which the equipment is expected to be available and supportable in service in sufficient quantity to provide a usable operational capability. The dates quoted for ships and submarines are based on the acceptance date from the contractor of the First of Class, not the date by which the equipment (or specified number of pieces of equipment) will contribute to the operational capability of the Royal Navy.
- ^[3] Numbers are classified.
- ^[4] Planned total number of ship systems required was reduced from 16 to 12 in the 2002 planning round. Two part sets, the industrial reference set and the integration testing set, have been ordered; a decision on further part sets for training purposes has yet to be made.
- ^[5] On 31 March 2002, 6 ships were on order from the prime contractor; approval for the additional 3 ships was received in July 2001.
- ^[6] Astute In Service Date of 2005 now forecast for 2006, with a firm date to be agreed in autumn 2002. Slippage due to reducing risk in design prior to production.
- ^[7] Nimrod MRA4 aircraft numbers were reduced from 21 to 18 in early 2002.
- ^[8] Auxiliary Oiler In Service Date has been revised but is subject to confirmation.
- ^[9] On 31 March 2002, 4 ships were on order; approval given for a parallel build strategy using 2 separate shipyards.

Strike

3. The Strike area covers theatre airspace and deep strike – the ability to control the airspace in the battlezone, to deny the enemy that airspace, and to strike at targets from distance. It predominantly relates to Royal Air Force projects, but includes Joint Force Harrier equipment and Tomahawk missiles.

Equipment	Number ordered before 1 April 2001	Number ordered during 2001/02	Number delivered before 1 April 2001	Number delivered during 2001/02	Deliveries Planned during 2002/03	Balance Outstanding	In Service Date ^[2]
Aircraft							
Eurofighter	55 ^[3]	0	0	0	6 ^[4]	49	2002 ^[5]
Eurofighter ASTA (Aircrew Synthetic Training Aids)	0	1 ^[6]	0	0	0	1	2004
Tornado GR mid-life update	142	0	86	28	25	3	1998
Tornado F3 weapon system upgrade	100	0	65	31	4 ^[7]	0	1998
FSTA (Future Strategic Tanker Aircraft)	[8]	[8]	[8]	[8]	[8]	[8]	2008-2010
Weapons							
Conventionally Armed Stand Off Missile (Storm Shadow)	[8]	[8]	[8]	[8]	[8]	[8]	2002
ASRAAM (Advanced Short Range Air-to-Air Missile)	[8]	[8]	[8]	[8]	[8]	[8]	2002
BVRAAM (Beyond Visual Range Air-to-Air Missile)	0	0	0	0	0	[8]	2012
PGB (Precision Guided Bomb)	0	0	0	0	0	[8]	2006
Tomahawk Missiles	[8]	[8]	[8]	[8]	[8]	[8]	1998 ^[9]
Notes:							
^[1] Includes all current projects on which, at 31 March 2002, development expenditure of over £50M or production expenditure of over £100M had been approved, or for which an Invitation to Tender had been issued where procurement costs are expected to exceed £100M.							
^[2] The precise definition of In Service Date varies with different equipment. However, in general terms it can be taken to refer to the date on which the equipment is expected to be available and supportable in service in sufficient quantity to provide a usable operational capability.							
^[3] The total number of aircraft to be ordered for the Royal Air Force is 232, of which 55 represents the first tranche. The 55 includes two instrumented production aircraft and one main airframe fatigue test model that will remain Defence Procurement Agency property and not be delivered to the Royal Air Force.							
^[4] Contract delivery schedule.							
^[5] This reflects the delivery of the first aircraft to the Royal Air Force.							
^[6] Relates to the first of 3 envisaged tranches of ASTA capability.							
^[7] Feed-in rate to production line changed by Fleet Manager to cater for in-service requirements.							
^[8] Weapon numbers are classified.							
^[9] Tomahawk missiles to replace those expended operationally are being procured. Numbers are classified.							

Information Superiority

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

Table 48: Capability Manager Information Superiority Equipment Programme ^[1]							
Equipment	Number ordered before 1 April 2001	Number ordered during 2001/02	Number delivered before 1 April 2001	Number delivered during 2001/02	Deliveries Planned during 2002/03	Balance Outstanding	In Service Date ^[2]
Intelligence, Surveillance, Target Acquisition and Reconnaissance							
ASTOR (Airborne Stand-off Radar)	5	0	0	0	0	5	2005 ^[3]
Communications							
Skynet 4 Stage 2	3	0	3	0	0	0	1998
Skynet 5 ^[4]							2007
Bowman (Combat Radio System) ^[5]	0	1	0	0	0	1	2004
CIP ^[6]	0	0	0	0	0	1	2004
JTIDS ^[7] for Sea Harrier and Sea King AEW	65 ^[8]	0	31	34	0	0	2002
Notes:							
^[1] Includes all current projects on which, at 31 March 2002, development expenditure of over £50M or production expenditure of over £100M had been approved, or for which an Invitation to Tender had been issued where procurement costs are expected to exceed £100M.							
^[2] The precise definition of In Service Date varies with different equipment. However, in general terms it can be taken to refer to the date on which the equipment is expected to be available and supportable in Service in sufficient quantity to provide a usable operational capability.							
^[3] The ASTOR In Service Date is defined as the operational availability of 2 air platforms, 2 ground stations, a corresponding support capability and the availability of sufficient trained manpower enabling a basic operational capability for a brigade level deployment.							
^[4] Skynet 5 will replace Skynet 4 Stage 2 from about the middle of the decade (based on the current estimates for the Out of Service date of Skynet 4). This is a Private Finance Initiative project.							
^[5] Delivery of one system from 2004–2007, with potential scope for 48,000 radios (not including 45,000 Personal Role Radios).							
^[6] Common Battlefield Applications Toolset and Infrastructure to support Digitisation of the Land Battlespace Stage 2 and the (armoured) Platform Battlefield Information Systems Application.							
^[7] Joint Tactical Information Distribution System.							
^[8] Due to the decision to withdraw Sea Harrier from service from 2004, the JTIDS integration programme has been terminated. Terminals are required for 11 Sea King aircraft plus spares. Surplus terminals are being re-deployed to other programmes to minimise the write-off costs.							

Collaborative Procurement

5. Collaboration continued to be an important means of meeting many of the Armed Forces' equipment needs. The Department continued to work closely with Germany, France and Italy to develop the necessary policies and procedures for OCCAR – the four-nation defence procurement organisation based in Bonn.

- Work commenced during the summer of 2001 on producing the first annual OCCAR Business Plan, which came into effect in February 2002;
- The implementation phase for the Letter of Intent initiative involving UK, Spain, France, Germany, Italy and Sweden progressed well. Italy was expected to ratify the Agreement by late 2002;
- During October 2001, the UK was involved in the US contractor selection process for the Joint Strike Fighter;
- Negotiations on security of supply arrangements under the UK/US Declaration of Principles were concluded in December 2001, leading to the signature of an Annex to the UK/US Defense Equipment Co-operation Memorandum in April 2002;
- In December 2001, the Inter-Governmental Arrangements for the A400M transport aircraft were signed by UK, France, Germany, Belgium, Spain, Portugal and Turkey. This programme is due to be managed by OCCAR once the contract, which was signed by OCCAR and Airbus Military in December 2001, becomes effective;
- During 2001/02, the UK led on producing the draft design, development, production and support contract for the METEOR air-to-air missile programme.

6. A list of collaborative projects involving the UK, on 31 March 2002, is available on the MOD website at <http://www.mod.uk>.

