

### CLYDE NAVAL BASE

- CDL Commendation for HMS VIGILANT's RAMP (largest fleet maintenance package ever completed at Clyde, completed to date and below budget, excellent collaboration, DLO/fleet/contractor)
- 3 Concurrent SSN RAMPs (HM Submarines SPARTAN, SCEPTRE returned to fleet service and SUPERB regenerated after prolonged period alongside and difficult Steam Generator problem)
- Forward Support to Submarines Deployed world-wide (HMS SCEPTRE OPDEF support in Singapore, SSN support in Gulf during 2nd Gulf War, SSBN Support in USA)
- Extension of Nuclear Capabilities (Core H justification, S Boat Hot Lifts)
- Rosyth Upkeep Projects delivered (HMS ILLUSTRIOUS, HMS WALNEY delivered early. HMS Westminster refit completed with new sonar fit)
- Support to 3 JMCs
- HMCS CHICOUTIMI recovery and support

### DEVONPORT NAVAL BASE

- HMS VANGUARD completed the first V-Class refit in the D154 facility and HMS VICTORIOUS is now docked down.
- Significant enhancements to the communications and aviation capabilities of the amphibious capital ships are being undertaken.
- Demolition of former accommodation blocks under Project Armada is now complete and the construction phase for new single living accommodation is underway.
- Completion of the Devonport Distribution Facility has enabled work to commence in preparation for the return of the South Yard Enclave to the City of Plymouth.

### PORTSMOUTH NAVAL BASE

- Waterfront activity levels have remained buoyant across the year (30% higher than CSA forecast) at very high levels of reported satisfaction. Service quality has been enhanced significantly with the completion of the Vehicle Washdown Facility at Marchwood (Jun 04) and through the completion and occupation of all remaining EMMA Phase 1 accommodation blocks (Jul 04).

- Security posture across the Base has been increased through Restricted Jetty Access (Dec 04) and through the imminent conversion of East Gate to four lane flow with duplicate Base Entry Permit Office, surveillance systems, including automatic vehicle recognition and base/waterfront-wide CCTV (Apr 05). At a lower level, the establishment of the charity-funded Volunteer Harbour Patrol in Summer 2004 has substantially improved security awareness across all harbour users.
- The combination of FLEET and 2SL TLBs in a new Headquarters on Whale Island will significantly re-shape the number and profile of Lodger Units on site but early indications are that there are many potential customers for the newly available space as further Hampshire-wide Defence co-location focuses on Portsmouth.
- Significant levels of activity are now building in all areas towards delivery of TRAFALGAR 200, of which successful outcome at Exercise GOLDEN FOX's demonstration of the NARO in early November was a key foundation.

### Output 5 – Force Generation Capacity and Sustainability

#### Supporting Outputs:

- Capacity to prepare Force Elements: Personnel, Equipment, Infrastructure
- War Maintenance Reserve (WMR) Armoury
- WMR Non-Armoury
- Deployed Afloat Support Inventory
- Forward Support Deployment: Manpower Augmentation & Forward Support Unit (FSU) No. 3
- Salvage & Mooring Asset Deployment

#### Associated Key Targets:

- Key Target 6 – Capacity to Support the Naval Force Generation Plan



## 19. Capital Commitments

Capital commitments as at 31 March 2005, for which no provision has been made in these financial statements totalled £480,822k.

	2004 / 2005	2003 / 2004
	<u>£000</u>	<u>£000</u>
<b>Contracted but not provided for:</b>		
Submarine Long Overhaul Periods (Refuelling)	311,221	212,285
Project EMMA (Junior Rates Single Living Accommodation Portsmouth)	700	3,035
Clyde Submarine Berthing Project	97,162	122,691
Nuclear Cores	25,235	
Spearfish Replacement ATE	19,089	
Other projects	27,415	11,263
<b>Total</b>	<b>480,822</b>	<b>349,274</b>

## 20. Commitments under leases

The Warship Support Agency held no assets under finance leases during 2004/2005.

## 21. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which Government Departments are financed, the Agency is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities. In line with FRS 13, short-term debtors and creditors have been excluded from these disclosures.

### Liquidity risk

The Agency's net revenue requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. The WSA is not therefore exposed to significant liquidity risks.

### Interest rate risk

A significant proportion of the Agency's financial assets and liabilities carry nil or fixed rates of interest. The exposure to interest risk is therefore not significant.



# Review of OUTPUTS

## Output 1 – Support to the Deterrent Capability

### Supporting Outputs:

- Integrated Deterrent Capability
- Nuclear Weapons Movements & associated Nuclear Accident Response Organisation (NARO)
- Strategic Deterrent Support Services

### Associated Key Targets:

- Key Target 1
  - a. Available Vessel Days
  - b. Ready Force Element Days
- Key Target 2 – Upkeep Period Timeliness

The WSA, through the Chief Strategic Systems Executive (CSSE), is responsible for the availability of the UK's Strategic Deterrent capability. CSSE is accountable to CE WSA and answerable directly to the Navy Board for managing the Trident programme to ensure Continuous At Sea Deterrence and for meeting UK obligations under the Polaris Sales Agreement (a Treaty under International law), as amended for Trident.

### Notable achievements in this area during 2004/5:

- Continuous At Sea Deterrence (CASD) has been maintained throughout this period however, due to requirements for SSBN maintenance, only 2 available SSBNs are temporarily supporting this stance.
- Negotiations have completed on HMS VICTORIOUS' LOP(R) which is currently underway in Devonport following conduct of an additional patrol.
- HMS VANGUARD's revised programme has remained on track for the last 10 months. A comprehensive Post LOP(R) Sea Trial programme is progressing well and due to complete at Fleet Date currently planned for 24 May 05.

## Output 2 – Materially Available Capable Vessels at the Required Readiness

### Associated Key Targets:

- Key Target 1
  - a. Available Vessel Days
  - b. Ready Force Element Days
- Key Target 2 – Upkeep Period Timeliness

The Agency ensures that RN ships and submarines, RFA vessels and supporting craft and equipment are in a material state that enables them to maintain an agreed Readiness Category and carry out the Operational tasks assigned by Commander-in-Chief. This encompasses Fleet Time and non-Fleet Time Upkeep, Update and Upgrade activity and the provision of stores support through the Naval Bases.

### Notable achievements in this area during 2004/5:

- Delivery of RAMPs for SPARTAN, SOVEREIGN, SUPERB and TORBAY
- Support to prolonged deployed operations for TURBULENT, TRAFALGAR, SPARTAN and SCEPTRE
- Acceptance of the ALAMANDA capability in service.
- Full support was provided to the deployment of a large number of Platforms to the East Coast of the United States as part of the Aurora 04 task group taking part in Exercise Rapid Alliance.
- HMS NOTTINGHAM returned to service (Fleet Date 6 Jul), 3 days earlier than originally planned after 18 months undergoing repairs.
- MCMV Sonar 2193 Fleet Time fitting progressing to schedule.
- A Performance Improvement Tiger Team (PITT) made a number of recommendations to achieve an improvement in Fleet Domain AFED and RFED performance, principally through a renewed focus on the tighter management of OPDEFs.



## 2. Staff numbers and related costs

2.1 The average number of whole time equivalent persons employed during the year was as follows:

	2004 / 2005	2003 / 2004
	<u>Persons employed</u>	<u>Persons employed</u>
Service	2,333	2,579
Civilian Industrials	706	752
Civilian Non-Industrials	3,846	4,382
<b>Total</b>	<b>6,885</b>	<b>7,713</b>

2.2 Staff costs comprise:

	2004 / 2005	2003 / 2004
	<u>£000</u>	<u>£000</u>
Salaries and wages	204,887	220,406
Social Security Costs	16,539	18,063
Other pension costs	31,936	33,766
Redundancy and severance payments	17,022	8,561
<b>Total staff costs</b>	<b>270,384</b>	<b>280,796</b>

### Other Pension Costs

Employees joining after the 1 October 2002 could opt to open a Partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 3% to 12.5 % of pensionable pay. Employers also match employee contributions up to 3 % of pensionable pay. In addition 0.8 % of pensionable pay is payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

No contributions were due to the partnership pension providers at the balance sheet date.

For Service personnel, employers' contributions of £16,964,668 (2003-2004 £17,643,930) were payable to the AFPS based on rates of 33.8% of pensionable pay for Officers and 18.2% for other ranks, as determined by the Government Actuary. Employer contributions to the AFPS were reviewed during 2002-2003.

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the schemes. Further information is available from the Annual Report and Accounts of the Armed Forces Personnel Administration Agency.

Further details of the schemes are given in Note 4 to the accounts.