



MINISTRY OF DEFENCE



# Ministry of Defence Autumn Performance Report



2005 - 2006



# The Defence Vision

**Defending the United Kingdom and its interests  
Strengthening international peace and stability**

## **A Force for Good in the World**

We achieve this aim by working together on our core task to produce battle-winning people and equipment that are:

- Fit for the challenge of today
- Ready for the tasks of tomorrow
- Capable of building for the future

We have shown we succeed in what we do. We must continue to adapt to a more uncertain world. We will be flexible and creative, harnessing new technologies and ideas to make best use of our resources. We will base our future direction on:

- Providing strategy that matches new threats and instabilities
- Maintaining flexible force structures
- Reaching out to the wider world
- Leading a high-performing organisation
- Investing in our people

By holding true to these principles we will move forward together to maintain and enhance our capability. We draw on our commitment to public service and military traditions, acting as one organisation to achieve our shared purpose.

# Introduction

This report shows progress against SR2004 Public Service Agreement (PSA) Targets (April 2005 to March 2008), the SR2002 Value for Money PSA Target (which runs until March 2006), and the SR2004 Efficiency Target as at 30 September 2005 unless otherwise stated.

## SR2004 Public Service Agreements

The Ministry of Defence Vision is reflected in the three objectives and six targets of the Department's Public Service Agreement (PSA). The agreements represent a contract between the Department and the taxpayer as to what we will, as a Department, deliver. The SR2004 PSA is shown below.

### MOD Public Service Agreement 2005/06 to 2007/08

#### Objective I: Achieve success in the military tasks 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. By 2008, deliver improved effectiveness of UK and international support for conflict prevention by addressing long-term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, Balkans and the Middle East.

(Joint target with the Foreign and Commonwealth Office and the Department For International Development.)

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

3. Generate forces which can be deployed, sustained and recovered at the scales of effort required to meet the Government's strategic objectives.

4. Play a leading role in the development of the European Security Agenda, and enhance capabilities to undertake timely and effective security operations, by successfully encouraging a more efficient and effective NATO, a more coherent and effective European Security and Defence Policy (ESDP) operating in strategic partnership with NATO, and enhanced European defence capabilities.

(Joint target with the Foreign and Commonwealth Office.)

5. Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives.

#### Objective III: Build for the future.

6. Deliver the equipment programme to cost and time.

## Efficiency Targets

In the 2002 Spending Review the Ministry of Defence committed to achieving year-on-year output efficiency gains of 2.5% from 2002-03 to 2005-06, to be achieved by making improvements in the efficiency and effectiveness of the key processes for delivering military capability. Progress against this target is detailed in this report.

Building on the existing change programme and as part of Spending Review 2004, the Ministry of Defence agreed to achieve total annual efficiency gains of at least £2.8 billion by 2007-08, of which three quarters will be cash releasing. Progress towards this target is set out on pages 19-20 of this report.

## Further information

Further details of the PSA Targets including previous performance and Technical Notes can be found at [www.mod.uk](http://www.mod.uk). Additionally the final assessment against SR2002 PSA targets 1 to 6 were detailed in the Annual Report and Accounts 2004-05 published on 28 October 2005 also found at [www.mod.uk](http://www.mod.uk).

## Target 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.

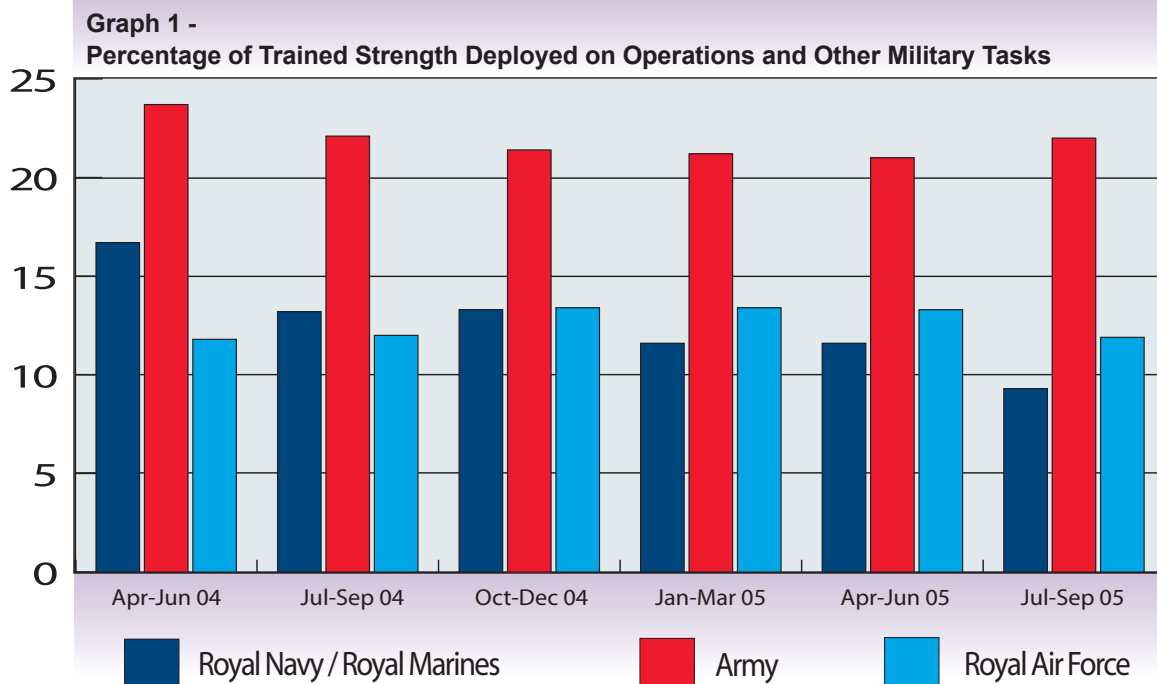
Since 1 April 2005 UK Armed Forces have:

- continued to conduct stabilisation operations in Iraq (involving some 8,500 regular personnel plus Reserve Forces);
- continued to deploy forces in Bosnia and Kosovo (some 1,000 regular personnel), to help ensure peace in the Balkans;
- continued to deploy forces in Afghanistan (some 1,000 regular personnel) to help maintain security and assist the process of reconstruction;
- met ongoing commitments, with forces based in Cyprus (some 3,200 regular personnel), Falkland Islands and South Atlantic (some 1,400 regular personnel), Northern Ireland (some 10,000 regular personnel) and Gibraltar (some 400 regular personnel);
- provided troops for UN operations in Sierra Leone, Democratic Republic of Congo, Cyprus, Georgia, Sudan, and Liberia;

## Overall Assessment **ON COURSE**

- contributed to a permanent NATO standing naval presence in the Atlantic and Mediterranean;
- maintained the UK's independent nuclear deterrent;
- continued to protect UK airspace and waters;
- continued to provide routine support to the civil authorities on search and rescue, fishery protection, bomb-disposal and counter-drugs activities; and,
- provision of emergency fire fighting support to the civil authorities.

Between 1 July and 30 September 9.3% of the Navy, 22.0% of the Army and 11.9% of the RAF were deployed on operations or other military tasks. (See Graph 1 below). In total, some 17.5% of all regular forces (measured as man-day equivalents for each service) were deployed on operations or other military tasks (excluding those preparing for, or recovering from, deployments). This is a slight reduction from the previous reporting period.



**Target 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).

**Overall Assessment**  
*ON COURSE with some slippage*

**Summary**

There remain significant challenges to the attainment of this target. The target indicator countries are characterised by complex conflicts and post-conflict reconstruction tasks. Measurement against specific objectives for indicator countries show varied levels of progress, with positive steps forward in Afghanistan and the Balkans in particular. The period has also seen improvement in the ability of the UN to deploy and sustain better-trained peacekeeping

forces. The agreement by UN members to establish a Peacebuilding Commission, for which the UK lobbied hard, is an important step in effort to improve international post-conflict peacebuilding.

As detailed in Target 1 on average over 11,000 regular service personnel have been deployed to Iraq, Afghanistan and the Balkans since April 2005 to help maintain security. Total additional cost of these deployments in 2004-05 was about £1.1Bn.

**Assessment against Performance Indicators**



**A. Afghanistan**

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

The UK has actively supported the UN’s work preparing for the new Afghan Parliament, which was elected in September, and is engaging closely in support of the UN-led process devising a “post-Bonn” framework. This work will include new Afghan and international commitments, based around the Afghanistan National Development Strategy, and long-term support for security sector reform.

members; and in reforming and building the capacity of the new Afghan National Army (ANA) where troop numbers now exceed 30,000. The ANA and Afghan National Police (now numbering 48,000) took the lead in providing security for the September elections. The Global Conflict Prevention Pool (GCPP) also continues to fund the HALO Trust’s weapons and ammunition destruction teams. During this period the GCPP has continued its niche support to the German-led police reform effort, having reviewed its scope to ensure the greatest impact.

Substantial progress has been made in demobilising, disarming and reintegrating 60,000 former militia

FCO and DfID have been working closely with United Nations Development Programme to help build capacity in the new Afghan parliament.

Since April 2005 some 1,000 regular personnel have been deployed in Afghanistan to help maintain security and assist the process of reconstruction. On 14 November 2005 the Government announced that, in advance of the UK leading the International

Security Assistance Force from May 2006 to February 2007, UK preparations for a possible further deployment to Afghanistan in 2006 are to begin. In particular, in the province of Helmand in Southern Afghanistan, preparations are underway involving some 250 troops, for the establishment of a UK-led Provincial Reconstruction Team.

## B. Balkans

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

The UK is providing considerable military, political and financial support, both multilaterally (through the EU and NATO) and bilaterally, to help the Western Balkans move closer to EU and NATO integration. Since 1 April 2005 an average of some 1000 regular service personnel have been deployed in Bosnia and Kosovo.

Significant stumbling blocks remain, and while there is little imminent risk of violence, substantial issues continue to bring inter-ethnic tensions to the surface. The UK is addressing these through effort to reform the security and justice sectors, improve inter-ethnic relations and tackle organised crime.

In Kosovo, the UN led standards review process is underway, and Kai Eide's report of the outcome will be delivered in September 2005. It is expected that this report will lead to the start, before the end of 2005/early 2006, of a process addressing the question of Kosovo's Final Status. The EU has successfully concluded Feasibility Studies for both Bosnia and Herzegovina (BiH) and Serbia and Montenegro (SaM) recommending that the EU start negotiation of a Stabilisation and Association Agreement. In the case of BiH, the opening of negotiations continues

to be delayed by the lack of action on police reform. SaM hopes to open negotiations before the end of the year. For Macedonia, an EU avis (on whether to award Macedonia formal EU candidate status and to set a date for accession negotiations) is expected in November 2005.

The MOD provided a second round of Emergency Response Training for the Kosovo Protection Corps (KPC). This project builds on the work covered in the first round of training. As well as further emergency response training for the Corps, this round also saw a workshop on civil emergency management delivered to those involved in this aspect within Kosovo (including the KPC, Fire Service, Police Service and the Department of Emergency Management). Syndicates (comprising of delegates from all institutions) were given a range of emergency scenarios to work through, all of which raised questions over cross-border and inter-ethnic issues. Participants worked well together and volunteered suggestions that involved drawing on resources within Serbian areas or from across borders (e.g. Macedonia) when these were the most appropriate solutions to the problem.

## C. Democratic Republic of Congo

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

The Transitional Government in Democratic Republic of Congo (DRC) has until June 2006 successfully to conclude the two core tasks of the transition: to organise free and fair elections; and merge various armed forces into a national army and demobilise those who want to return to civil life. Some progress is being made towards organising elections, from local to presidential level, but army integration is moving at a slower pace.

The Africa Conflict Prevention Pool (ACPP) is contributing to Security Sector Reform, in co-ordination with the EU, and is also supporting the South African led registration of Congolese army personnel. The Pool also funds the World Bank led regional disarmament, demobilisation and reintegration programme.

## D. Iraq

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

Despite attempts to disrupt the process by the insurgency, Iraq remained on course for a democratically elected, constitutionally-based Government by the end of this year. The Iraqi Transitional Government expressed their commitment to completing the political transition within the timetable set out in UNSCR 1546, with an inclusive drafting process for the constitution and a constitutionally elected government in place by the end of 2005. International support for Iraq remained strong, with 87 countries and international organisations attending an international conference on Iraq in June.

The period has seen an increased number of insurgent attacks, against civilians, the Iraqi security forces and infrastructure as well as coalition targets. This has had an impact on Iraqi efforts to build up an able and effective civil service and also placed security constraints on project implementation teams.

A key priority remains Security Sector Reform. The Iraqi Police Service is developing a more capable police force, although more remains to be done in terms both of numbers and effectiveness. The

GCPP funds International Police Advisers to mentor Iraqi Police and help with leadership and junior management training (13,500 police have received basic training) and assists the Iraq Ministry of the Interior.

The training of Iraqi army representatives at Sandhurst and Shrivenham has created the opportunity to help representatives of the new Iraqi army to develop professional leadership and military skills. This work is a key element of the campaign to develop capacity and capability in the Iraq security forces. The UK is also training, monitoring and sustaining a number of Iraqi Army Battalions in Multi-National Division –South East.

The Government has pledged £544 million for reconstruction in Iraq. A new £40m project is underway to rehabilitate power, water and fuel infrastructure in southern Iraq. Since 1 April 2005 an average of some 8,500 regular service personnel have been deployed in Iraq to assist the Iraqi Government in providing security and building the capability and capacity of the Iraqi Security Forces so that they may take responsibility for their own security.

## E. Middle East Peace Process

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

Following the Israeli disengagement from Gaza and the northern West Bank, which was carried out relatively smoothly in August/September, the international community continues to press both sides to make progress on the Road Map. The UK continues to give strong support to security sector reform work led by US General Ward, assisted by a GCPP-funded Military Liaison Officer and a military adviser, focusing on improving the performance of the Palestinian security forces, particularly through a major project aimed at reforming the civil police.

The UK supports Wolfensohn's (the EU, UN, US and Russian representative) plans to resolve issues affecting the Palestinian economy. There were 95 Palestinian and 14 Israeli conflict-related fatalities in this period.

The MOD has provided a Military Liaison Officer to work closely with the Palestinian National Security Forces, to support their short-term capacity and work towards longer-term reform, through training, advice and provision of equipment.

## F. Nepal

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

The King's efforts to consolidate his grip on power have reduced the prospects for peace. However, the Maoists have announced a cease-fire, which may bring an opportunity to reduce violence and potentially resume talks. The UK's diplomatic efforts focus on dissuading the King from dismantling the institutions and processes of democracy, which is critical for the foundation of any lasting peace process.

Until 3 Sept the Royal Nepalese Army (RNA) were dealing with daily threats of multiple Maoist Improved Explosive Devices, capable of killing civilians and the security forces. Partly as a result of the GCPP bomb disposal project, the threat from Maoist bomb attacks has been reduced. Following a major Maoist attack in Kalikot on 7/8 August the RNA deactivated a cache of over 200 Maoist socket bombs. They were only able to do this as a result of UK training.

## G. Nigeria

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

Too early to report on specific indicators. Baseline figures for 2004 are 52 conflict-related deaths for Stockholm International Peace Research Institute (SIPRI) and 1,350 for International Institute for Strategic Studies (IISS).

There has been significant communal fighting between Muslim and Christian ethnic groups in Plateau and Kano states since the late nineties, with

communal fighting of a lesser magnitude in the Niger Delta Region.

The ACPP has supported co-ordination between government and civil society and funds ongoing work on inter-faith peacebuilding. The Pool is currently scoping the possibility of UK support to conflict prevention in the Niger Delta region.

## H. Sierra Leone

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

It is too early to report on specific indicators. UK support to the Sierra Leone security sector, through the ACPP funded UK-led International Military Advisory and Training Team (including some 90 UK Service personnel), remains pivotal particularly

in the context of United Nations Mission in Sierra Leone (UNAMSIL) drawdown. Recent events in Cote d'Ivoire are unlikely to pose an immediate threat to Sierra Leone but do not bode well for regional stability.

## I. Sudan

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

The prospects for peace in Sudan remain fragile given the ongoing crisis in Darfur, instability in the East and the enormous challenge of implementing the North-South peace agreement.

The UK has provided technical assistance to Sudanese parties on disarmament, demobilisation and reintegration (DDR) planning in the North/South peace process and, on request, on demilitarisation issues in the Darfur process.

We have been taking the lead in discussions with other donors on the provision of support for the military security transition in Sudan through a multilateral International Military Advisory Team (IMAT). We will shortly proceed with providing this support, which will serve as a key resource in establishing the foundations for a longer term security sector reform programme, and supporting the Sudanese in their Comprehensive Peace Agreement Commitment (CPA).

## J. UN Peacekeeping

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

The UK continues actively to assist the UN Department of Peacekeeping Operations (DPKO) in implementing the Brahimi report on UN Peace Support Operations (PSOs).

All new UN Peacekeeping mandates now take account of the multi-dimensional nature of UN missions based on Brahimi principles. The most recent example is UN Security Council Resolution 1590 passed on 24 March 2005, establishing the United Nations Mission in the Sudan (UNMIS), which agreed a mandate comprising good offices and political support for the peace process; security; governance; and humanitarian and development assistance.

A joint study, part funded by GCPP and conducted by the DPKO, the UN's Executive Committee on Humanitarian Affairs and the UN's Office for the Co-ordination of Humanitarian Affairs has helped renew momentum behind DPKO's Integrated Mission (IM) Planning initiative. The key principles identified in the report were: more strategic planning and operational design; the "planning for an IM should follow the "function" - no one size fits all; need to strengthen mission leadership and accountability; and, to give specific acknowledgement to humanitarian principles.

## K. UN Peacekeeping

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

There are now 106 countries contributing a total of 67,000 peacekeepers to UN missions. This compares with February 2004 totals of 94 countries contributing 49,000 peacekeepers. G8 countries are on track to achieve their G8 Sea Island Summit target of training 75,000 peacekeepers (mainly in Africa) by 2010.

The UN Strategy funds and assists:

- Engagement with emerging Troop Contributing Countries (TCCs) in order to encourage greater

participation in Peace Support Operations (e.g. China, Vietnam) and with existing major TCCs (e.g. India, Bangladesh) in order to share best practice.

- A world wide train-the-trainers programme focusing on training civilian police for peacekeeping missions.
- Development of UN training modules to produce better peacekeepers, especially at senior level.

## L. African Peacekeeping

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

It is too early to report on specific indicators. UK support has been instrumental in developing the concept of the Africa Standby Brigades at a conceptual and operational level. As follow up to Gleneagles the ACPP has also played a key role in co-ordinating donor resources and technical inputs on the Africa Standby Force agenda.

At a regional level, UK support is focused on Economic Community of West African States, Eastern Africa Standby Brigade and, where possible, the Southern African Development Community with the aim of achieving the June 2006 deadline for initial establishment of regional brigades.

### Target 3

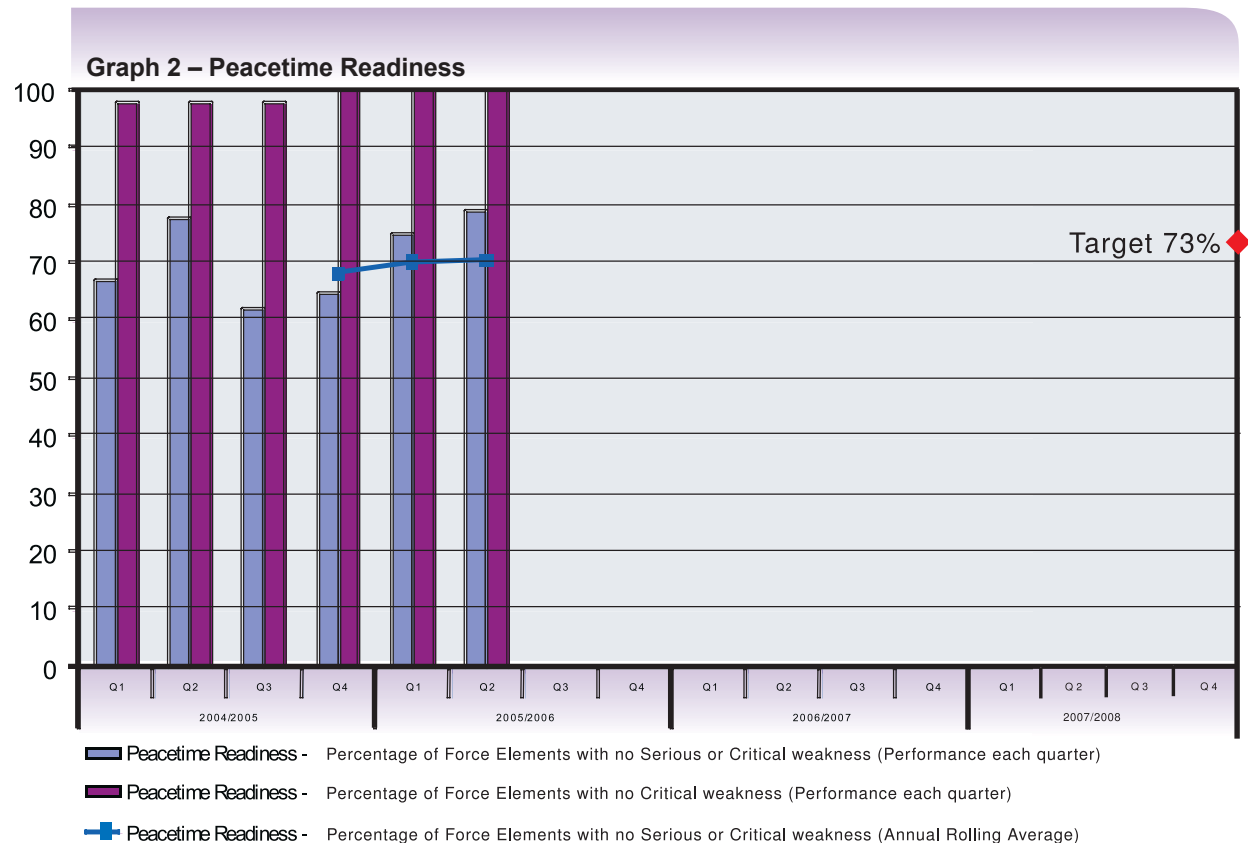
Generate forces, which can be deployed, sustained and recovered at the scales of effort required to meet the government's strategic objectives.

## Overall Assessment ON COURSE

### Assessment against Performance Indicators

- (a) By 2008, ensure more than 73%<sup>1</sup> of force elements show no serious or critical weakness<sup>2</sup> against their required peacetime readiness levels

For the third quarter in succession no force elements reported critical weaknesses. Over the period 79% of force elements reported no serious or critical weakness (i.e. 21% of force elements reported serious weaknesses.) On average from October 2004 to September 2005 70% of force elements reported no critical or serious weaknesses.



<sup>1</sup> This target represents a 5% improvement over the average quarterly performance in 2004-05.

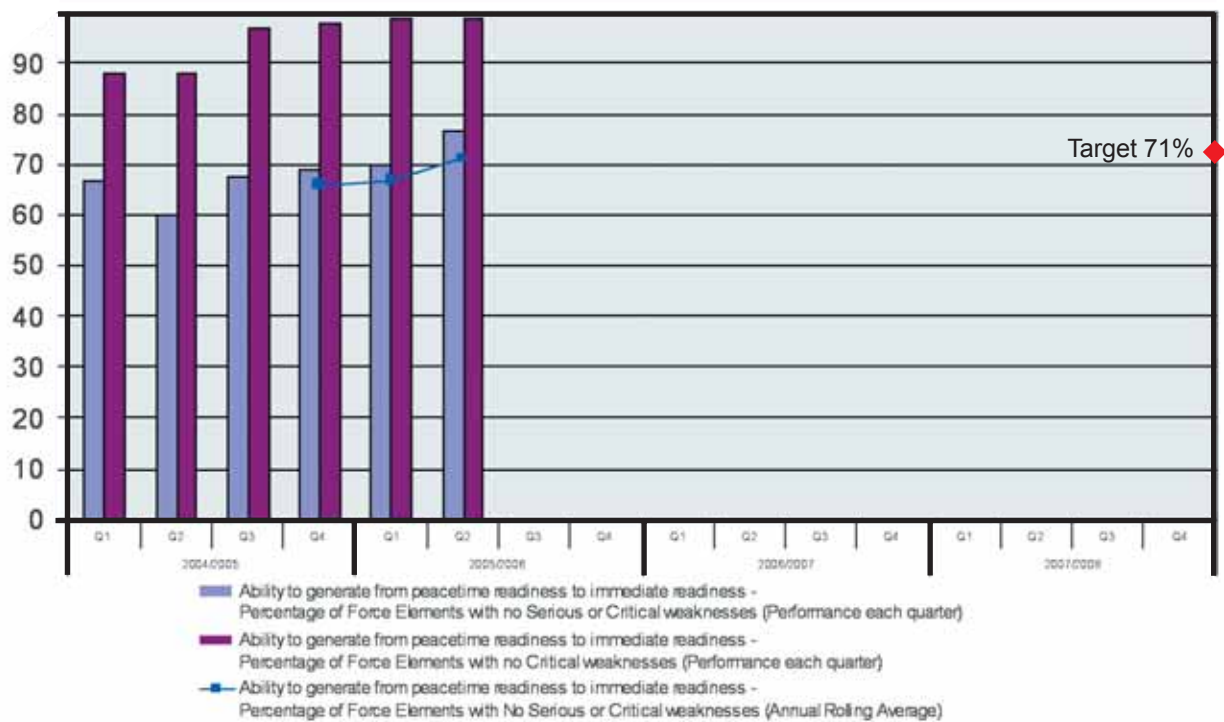
<sup>2</sup> Performance is calculated by brigading individual force elements into capability groupings and weighting these for effect. The method of calculation is identical to that used for the SR2002 Readiness Target, although the force elements assessed will vary.

(b) By 2008, ensure that more than 71%<sup>3</sup> of force elements report no serious or critical weaknesses against the ability to generate from peacetime readiness to immediate readiness for deployment on operations.

At Quarter 2 2005-06 99%<sup>4</sup> of Forces Elements reported no critical weakness in their ability to generate from peacetime readiness to immediate readiness (i.e. 1% of force elements reported critical weaknesses.) Over the same period 77% of force elements reported no serious or critical weakness

(i.e. 23% of Force Elements reported serious or critical weaknesses.) On average from October 2004 to September 2005 71% of force elements reported no critical or serious weaknesses.

**Graph 3 – Assessed ability to generate force elements from peacetime to immediate readiness**



(c) By 2008, ensure that the assessed ability of the Department physically to deploy its forces on operations at what is likely to be the most demanding level for many enabling functions (2 medium scales and a small scale concurrently, sustain them in theatre and thereafter recover them to their home bases shows a 5% improvement in the numbers of serious or critical weakness reported across the key components (Land, Sea, Air, Strategic Lift) compared with the average reported in 2004-05.

The average performance across the key components at 30 September is assessed as being on course, although there remain significant areas of concern. Work to develop a system for numerical assessment is continuing, and this should be complete by

February 2006. It remains our intention to express the Department's ability to deploy, sustain and recover Force Elements in terms of a percentage, and assess performance against a baseline.

<sup>3</sup> This target represents a 5% improvement over the average quarterly performance in 2004-05.

<sup>4</sup> Performance is calculated by brigading individual force elements into capability groupings and weighting these for effect. The method of calculation is identical to that used to calculate Peacetime Readiness.

## Target 4

Play a leading role in the development of the European Security agenda, and enhance capabilities to undertake timely and effective security operations by successfully encouraging a more efficient and effective NATO, a more coherent and effective ESDP operating in strategic partnership with NATO, and enhanced European defence capabilities. (Joint target with FCO.)

## Overall Assessment **ON COURSE**

### Assessment against Performance Indicators

(a) A more efficient and effective NATO.

**Afghanistan:** At their meeting on 13-14 September, NATO Defence Ministers agreed with the principle of 'greater synergy' between the two missions in the country.

**NATO Response Force:** The UK has met its commitments and is playing a leading role in support of the NATO Response Force reaching full operational capability. The UK provided the Maritime Component Command of the NATO Response Force from July 2004 to July 2005, and is making a major contribution to the Air Component Command from July 2005 to December 2005.

**'Usability' of military forces:** UK – through the UK Delegation to NATO - has been an active champion of the Usability initiative. Usability targets have been agreed and were published most recently in the Defence Ministers' Communiqué in June 2005. There are indications that some Allies are using the targets to support national force development and transformation.

**Managing the Alliance:** A new cost share mechanism was agreed in July 2005, with a major UK role in negotiations. This will lead to savings in FCO and MOD budgets starting in 2006. The Vahr review on HQ structures and processes was considered by NATO Defence Ministers in September, and is due to report to Foreign Ministers in December. New HQ project on track.

**Russia:** Although the Status of Forces Agreement with NATO was signed in April 2005, it has yet to be ratified by the Duma. This is a key requirement for deeper practical military co-operation, in particular the NATO-Russia Council (NRC) programme of interoperability exercises. In September, the UK hosted a delegation from the NRC to observe the military exercise SENATOR 05.

**Partnership building:** The UK supports the requirements for countries involved in the Intensified Dialogue and Membership Action Plan process. Applicants for membership and Partnership for Peace programme need to meet NATO standards and fully meet any International Criminal Tribunal for the former Yugoslavia concerns.

## (b) A more coherent and effective European Security and Defence Policy.

The UK has successfully taken forward its European Security and Defence Policy (ESDP) agenda in the Presidency, promoting greater civ-mil co-ordination through its comprehensive planning concept, supporting development of a more operational ESDP through its support for the Aceh monitoring mission in Indonesia (first mission in Asia, with Association of Southeast Asian Nations (ASEAN) states and peace monitoring mission), and driving EU capability improvement through its support for a rigorous Headline Goal 2010 and an effective Civilian Headline Goal process.

The UK is making an important contribution to both military and civilian ESDP operations. In Bosnia it is providing over 50 police officers, over 700 troops and the force commander; in Aceh it provided planners and monitors; it has also provided personnel for EU missions in Africa, Macedonia and for training

of Iraqi police. The UK played an important role in ensuring that EU external action in Darfur made an effective contribution, in particular by ensuring good co-ordination between EU and NATO support. It has promoted EUFOR as a successful example of EU-NATO co-operation. The UK has also supported the establishment and work of the civ-mil cell.

The UK has strongly supported the development by the EU of relationships in crisis management with other organisations. The EU successfully held a joint-exercise with the UN in April on modalities for co-operation. Post tsunami follow-up work has also emphasised the UN's role. Recent agreement on the NATO liaison cell to EU Military Staff and on the EU liaison cell to the Supreme Headquarters Allied Powers Europe (SHAPE) should enhance NATO/EU crisis management co-operation.

## (c) Enhanced European defence capabilities.

The UK has played a key role in influencing the European Defence Agency's (EDA) agenda. This is currently focusing on how EU governments can better co-operate on improving Command, Control and Communications capabilities, armoured fighting vehicle and UAV programmes and on achieving a more open and competitive European Defence and Equipment Market.

The Luxembourg Presidency delivered the interim Headline Goal Requirements Catalogue, listing the capabilities needed for ESDP. The UK Presidency will now deliver the finalised version, validated

with computer-assisted operational analysis. UK engagement has ensured that this process is supported by NATO operational analysis and defence planning facilities. NATO allies are currently on target to meet around 80% of their Prague Capabilities Commitment targets. However, the remaining 20% may prove more difficult as they include expensive programmes such as air-to-air refuelling.

Member States have committed to a total of 15 Battlegroups for a Full Operational Capability from 2007. The UK has committed one national Battlegroup and one UK/Dutch Battlegroup.

## Target 5

Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives.

## Overall Assessment **ON COURSE**

Operational commitments and the changes in Service personnel numbers announced in the July 2004 White Paper mean that there is currently some slippage in meeting manning balance targets. In particular, the complexities of managing reductions in Service personnel inevitably produce short term imbalances against the overall personnel requirement.

### Assessment against Performance Indicators

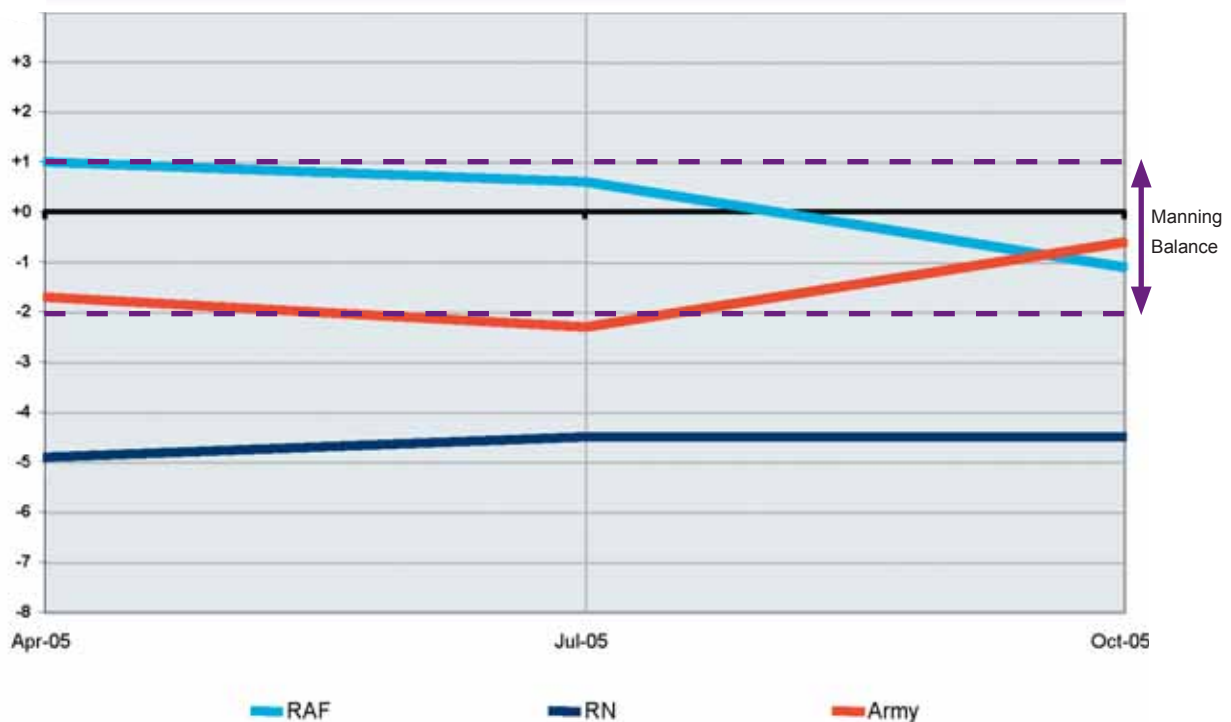
#### (a) Manning Balance

Manning balance is defined as between -2% and +1% of the requirement, and is measured against the target prevailing at the time. Since the total requirement of whole Service manning is a dynamic, this target will itself tend to fluctuate over the PSA period.

- The Royal Navy (including the Royal Marines) trained strength is 4.5% below the requirement - 2.5% below manning balance. The RN continues to forecast an improving position.
- The Army and Royal Air Force are within target range, although there are continuing shortages within some specialist groups.

Graph 3 shows the manning balance since October 2004. At the end of the quarter:

**Graph 4: Service manning surplus/deficit over the last year**  
(-) Deficit / surplus (+) percentage of requirement



(b) Gains to Trained Strength (numbers of trained recruits provided to the front line)

Table 1 Gains to Trained Strength	
Forecast percentage of end of year target	
Royal Navy Officers	91%
Royal Navy Ratings	96%
Royal Marines Officers	100%
Royal Marines Soldiers	83%
Army Officers	>95%
Army Soldiers	85%
Royal Air Force Officers	104%
Royal Air Force NCO Aircrew	83%
Royal Air Force Airmen	100%

(c) Medically Fit For Task

The target is for at least 90% of Service personnel to be medically fit for task by 1 April 2007 – an increase of 1% from the performance at 31 March 2005

At 30 June 2005 88.1% of the overall armed services were reported as fit for task. This reflects the current operational tempo and environment. The vast majority of those personnel unfit for task are working normally but their deployability is limited.

(d) Premature Voluntary Release Exits

The PVR exits for this quarter are shown in the table below. The PVR Exit rates for Royal Marines soldiers is a particular concern and will be monitored closely.

<b>Table 2: PVR Exit rates</b>		
	<b>Guidelines (No more than)</b>	<b>12 Months to 31 August 2005</b>
Royal Navy Officers	<b>2%</b>	<b>2.8%</b>
Royal Navy Ratings	<b>5%</b>	<b>6.1%</b>
Royal Marines Officers	<b>2%</b>	<b>2.3%</b>
Royal Marines Soldiers	<b>5%</b>	<b>6.5%</b>
Army Officers	<b>4.1%</b>	<b>3.9%</b>
Army Soldiers	<b>6.2%</b>	<b>5.8%</b>
Royal Air Force Officers	<b>2.5%</b>	<b>2.2%</b>
Royal Air Force NCO Aircrew	<b>2.5%</b>	<b>1.5%</b>
Royal Air Force Airmen	<b>4%</b>	<b>4.1%</b>

(e) Levels of individual Separated Service against Harmony Guidelines.

The guidelines for individual separated service and performance against these guidelines are shown in the table below

<b>Table 3: Levels of Individual Separated Service</b>		
	<b>Guidelines</b>	<b>Performance at 30 September 2005</b>
Royal Navy / Royal Marines	In any 36 month period, no one to exceed 660 days separated service.	Less than 1% of the Royal Navy exceeded the target.
Army	In any 30 month rolling period no one to exceed 415 days separated service.	It is estimated that 16.9% of the Army had exceeded the guidelines.
Royal Air Force	Not greater than 2.5% of personnel exceeding more than 140 days of detached duty in 12 months.	4.1% of the RAF have exceeded 140 days of detached duty in the last 12 months.

**Target 6**

Deliver the Equipment Programme to time and cost.

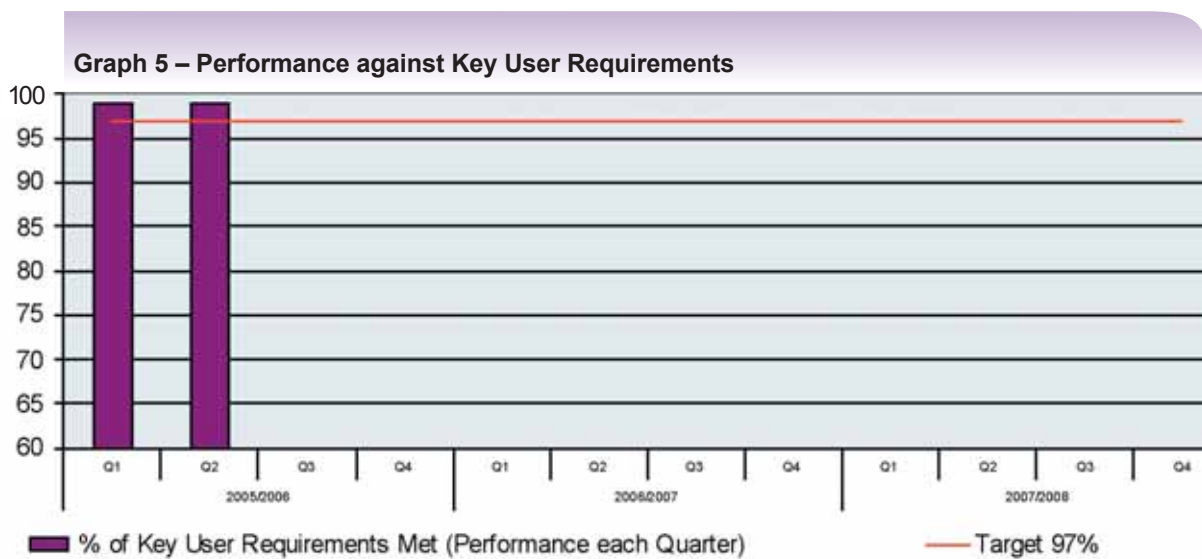
**Overall Assessment**  
**SLIPPAGE**

Performance against the PSA is measured against all Category A to C projects that have passed Main Gate and are yet to achieve ISD at the start of the financial year.

**Assessment against Performance Indicators**

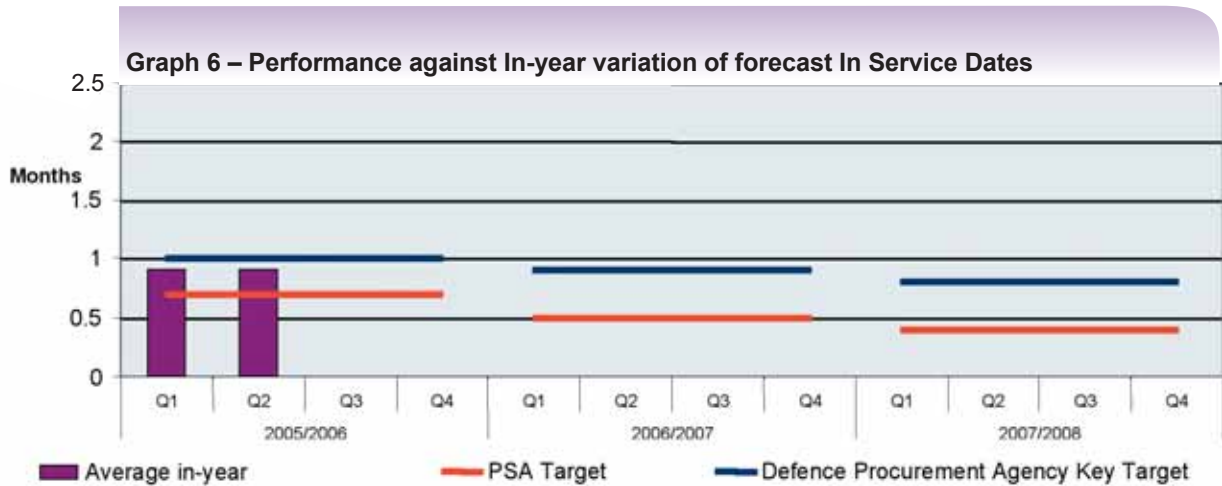
1. Achieve at least 97% of Key User Requirements for all Category A to C Projects that have passed Main Gate Approval, to be achieved throughout the PSA period.

Category A-C post-Main Gate pre-ISD projects are currently forecasting to achieve 99% of the customer's key requirements.



2. Average In-Year variation of forecast In Service Dates (ISD), for all Category A to C Projects that have passed Main Gate Approval, to be no more than 0.7 months in FY05/06, 0.5 months in FY06/07 and 0.4 months in FY07/08.

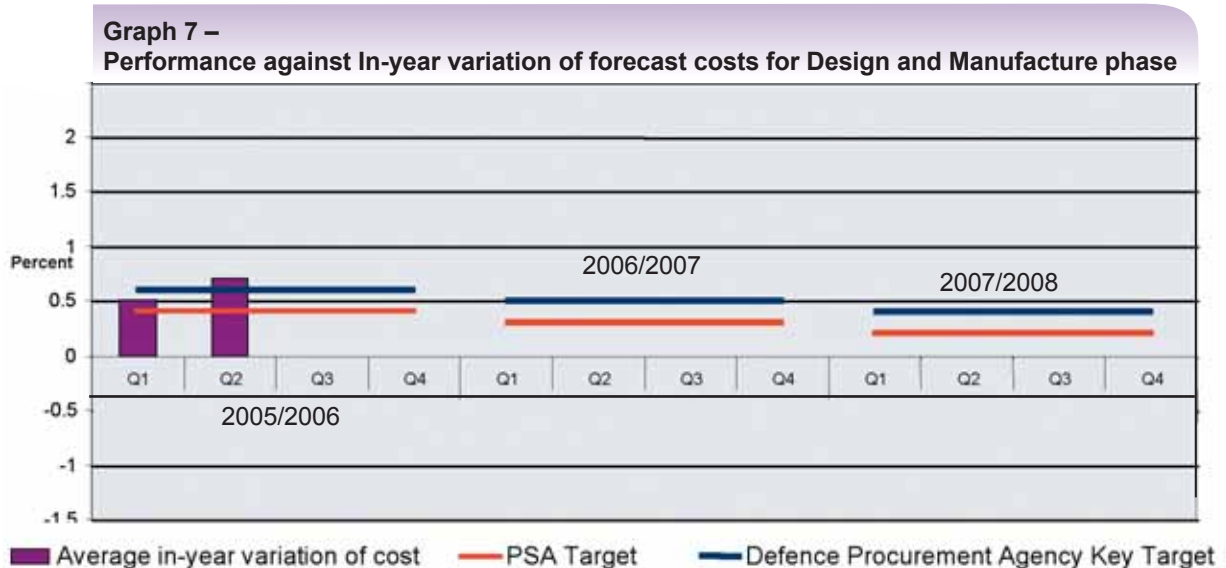
Category A-C post-Main Gate pre-ISD projects are currently reporting an average in-year variation of forecast ISD of 0.9 months.



Note: Achievement of this performance indicator is based upon the Department achieving the PSA Target (red line). For the Defence Procurement Agency this level is a stretch target and the Key target (blue line) is a hard target.

3. Average In-Year variation of forecast costs for Design and Manufacture phase, for all Category A to C projects that have passed Main Gate approval, of less than 0.4% in FY05/06, 0.3% in FY06/07 and 0.2% in FY07/08.

Cat A-C post-Main Gate pre-ISD projects are currently reporting an average in-year variation of forecast cost increase 0.7%.



Note: Achievement of this performance indicator is based upon the Department achieving the PSA Target (red line). For the Defence Procurement Agency this level is a stretch target and the Key target (blue line) is a hard target.

## Efficiency Targets

### SR2002 Value for Money Target

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 DLO.

## Overall Assessment **ON COURSE**

At 31st March 2005 we had delivered cumulative efficiency savings of 8.2% against a target of 8%.

## Assessment against Performance Indicators

**1. Reduce the per capita cost of successfully training a military recruit by an average of 6% by April 06<sup>5</sup>. (Target weighting = 9%)**

As set-out in the MOD Annual Report and Accounts 2004-05 following organisational changes it is no longer possible to measure per capita cost of successfully training a military recruit on the basis used in the PSA target.

**2. Achieve 0% average annual cost growth (or better) against the Major Equipment Procurement Projects<sup>6</sup>. (Target weighting = 6%)**

Projects included in the NAO Major Projects Review are currently reporting 0.3% in-year cost growth.

**3. Reduce by 20% (relative to April 2000) the output costs of the Defence Logistics Organisation, while maintaining support to the Front Line by April 2006. (Target weighting = 68%)**

As set-out in the MOD Annual Report and Accounts 2004-05 the Defence Logistics Transformation Programme is on track to achieve the 20% reduction in the output costs of DLO by April 2006.

**4. Reduce MOD Head Office and other management costs by 13% by April 2006. (Target weighting = 5%)**

As set-out in the MOD Annual Report and Accounts 2004-05 in addition to savings in Head Office and other HQ costs that have already been achieved, business developments since this target was set, in particular restructuring within the Defence Logistics Organisation and the rationalisation of Service Headquarters, give a high confidence that this target will be achieved.

**5. Identify for disposal land and buildings with a Net Book value of over £300m by April 2006. (Target weighting = 12%)**

The Department had already identified £395m of land and buildings for disposal by April 2005.

<sup>5</sup> Target report every six months.

<sup>6</sup> Measured against estimated project costs at the beginning of the year.

## SR2004 Efficiency Targets

As part of Spending Review 2004, the Ministry of Defence agreed that it would realise total annual efficiency gains of at least £2.8 billion by 2007-08, of which three quarters will be cash releasing. As part of its efficiency programme, the MOD will by 2007-08:

- Reduce its civilian staff by at least 10,000
- Reduce the number of military posts in administrative and support functions by at least 5,000.
- Be on course to have relocated 3,900 posts out of London and the South East by 2010.

## Overall Assessment **ON COURSE**

### Efficiency Gains

A satisfactory start has been made in meeting the Department's efficiency target.

Some £200M of enduring efficiency gains were realised in 2004-05, of which over £110M were cash-releasing. These include £66M of savings as a result of changes to Force Capabilities arising from the 2004 White Paper on Future Capabilities; £134M of savings from business change and modernisation programmes; and £6m of savings as a result of the closure of the Army Technical Foundation College at Arborfield. Individual change programmes which delivered significant efficiency improvements last year included the Defence Health Change Programme (non cashable gains from reducing waiting times for rehabilitation of Service personnel), the Defence Information Infrastructure and Whole Fleet Management.

It is estimated that at 1 October 2005, a further £410M of efficiency benefits have been achieved (some £73M from changes to Force capabilities, a further £11M from the closure of the AFTC and the balance from change programmes - in particular from the Defence Logistics Transformation Programme (including Procurement Reform), Whole Fleet Management and the modernisation of estates management. This includes £27M of non-cashable gains.

Both the Force Capability changes and the Defence Change Programme have been designed to improve outputs, increase effectiveness as well as make efficiencies. There are a number of quality measures in place to this end.

## Workforce Reductions

The MOD's civilian workforce<sup>7</sup> has reduced from its baseline strength of some 106,800 at April 2004 by some 1,200 during 2004-05 and by a further 2,200 at 1 October 2005.

To enable the Department to achieve the 10,000 reductions, a voluntary early release scheme is being run for staff in mobile grades. The scheme will release staff in years 2005-06, 2006-07 and 2007-08. This scheme is not the only method of achieving the reductions. Natural wastage (i.e. normal retirements and resignations), transfers on TUPE terms, and restrictions on future recruitment are expected to contribute a large proportion of the reductions.

Reductions in military posts in administrative and support functions arise from the Defence Logistics

Transformation Programme, the Joint Personnel Administration programme, the rationalisation of Service Headquarters, reductions in Head Office numbers and the closure of RAF Coltishall.

As a consequence of the force capabilities measures and business change and improvement programmes in the Department's efficiency programme, military manpower strengths overall are expected to fall by over 10,000 by April 2008 compared with April 2004. Whilst most of these reductions will be achieved through adjustments to recruitment and retention, the Army is running a very limited redundancy programme and the RAF a more substantial one. Military manpower strength reduced by over 2,400 in 2004-05 and by over a further 2,600 between 1 April 2005 and 1 October 2005.

## Relocations

The Department remains on track to relocate a net 3,900 posts out of London and the South East by 2010. The first step towards this was the closure of the Army Technical Foundation College at Arborfield, its function being absorbed into the Technical College at Harrogate. This delivered over 1,220 relocations to sites dispersed throughout the country, between August 2004 and March 2005. There are a number of other ongoing relocation projects, such as the closure of Chelsea barracks that will continue to mature over the next year and result in further movement of staff out of the London area."

## Further Information

Further information can be found in the Efficiency Technical Note and in the Annual Report and Accounts 2004-05 both found at [www.mod.uk](http://www.mod.uk).

<sup>7</sup> Full time equivalents; includes civil servants, and locally-employed civilians working in non-operational areas overseas.



