

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. As at 31 March 2003, the Secretary of State was supported by a Minister of State for the Armed Forces, and two Parliamentary Under-Secretaries of State (one for Defence Procurement and one for Veterans).

The MOD Head Office

2. Beneath Ministers lies the top management of the MOD, comprising ten senior officials and Service officers (as shown in Figure 6 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.

4. The role of the MOD Head Office is:

- providing strategy and policy (what our stakeholders require from Defence);
- military strategic command of Operations;
- direction through high-level plans, associated balance of investment and resource allocation required to achieve Defence objectives (where we are going);
- the framework of objectives and targets against which the major management/delivery areas in the Department should be held accountable (how we will get there);
- setting departmental standards, including on key departmental processes and process owners, and ways of working in order to drive continuous improvement (the way we do things); and
- the machinery of a Department of State.

5. 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

6. 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

7. The Defence Management Board (DMB) is the highest, non-ministerial committee in the MOD. Chaired by PUS, it is essentially the main corporate board of the MOD, providing senior level leadership and strategic management of Defence. Its role is to deliver the Defence aim set out in the PSA and its membership is shown in Figure 6. 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** – matching Defence priorities and objectives; and
- **performance management** – managing and driving corporate performance.

8. The DMB has two non-executive Directors. The main reason for their appointment is to widen the horizons within which the Board determines strategy, both by applying the benefits of their wider general experience and by bringing into the Board discussions any background of specialist skills, knowledge and experience that is relevant.

The Service Boards

9. 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) by the Defence Council. The Service Boards are chaired by Ministers, with 2nd PUS acting as the Secretary.

Service Executive Committees

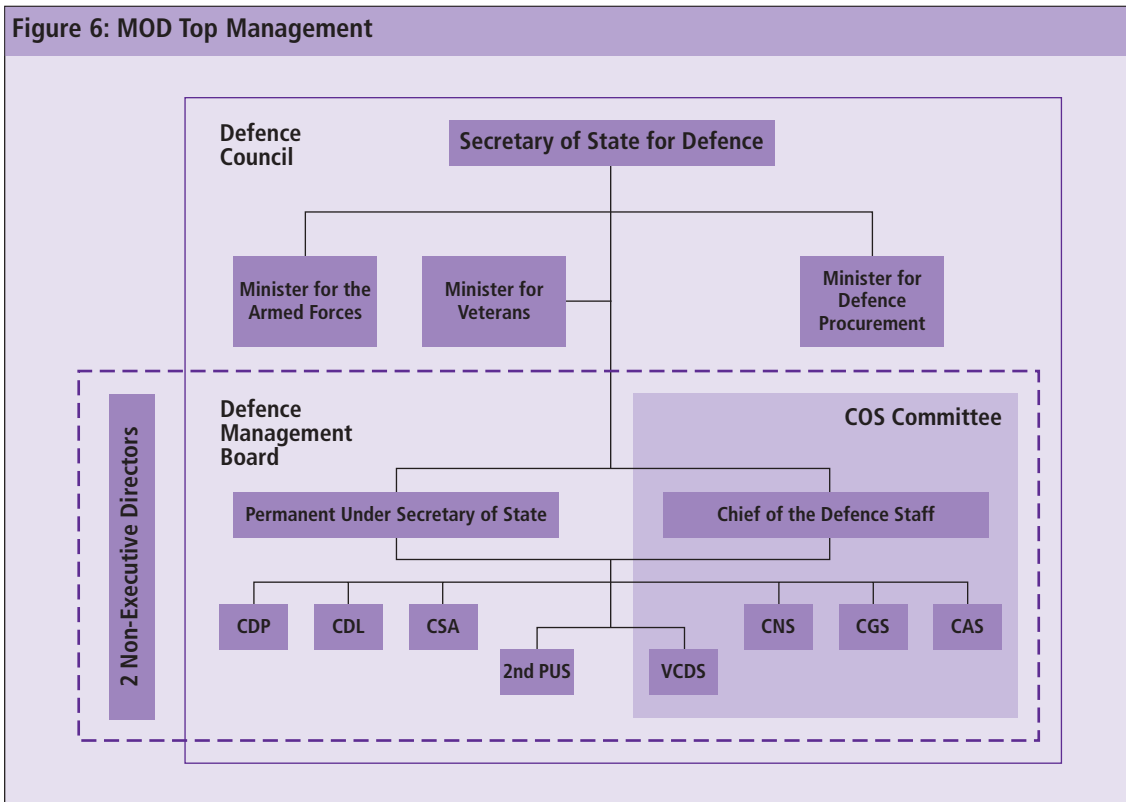
10. The day-to-day business of managing the single Services is formally conducted through the Service Executive Committees. They are:

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

11. 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

12. 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.



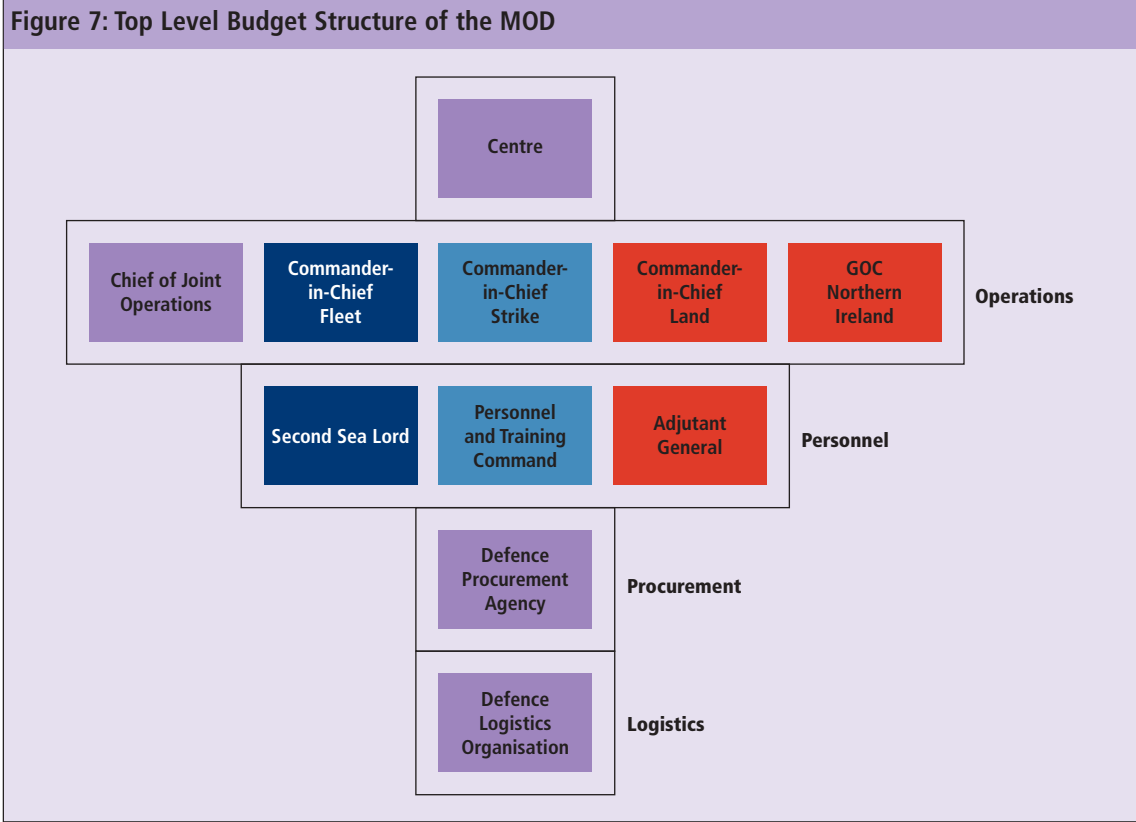
Top Level Budgets

13. Most Defence activity takes place outside the MOD Head Office and is managed through eleven Top Level Budget (TLB) holders (shown in Figure 7), 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 has two separate TLBs for its Operational and Personnel commands, and the Army has a third TLB for Northern Ireland.

14. 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, which is responsible for providing logistics support to the Armed Forces;
- the Chief of Joint Operations, based at Permanent Joint Headquarters at Northwood, who is responsible for administering the Permanent Joint Operating Bases in Cyprus, Gibraltar, Falkland Islands (and, from 1 April 2003, the British Indian Ocean Territory (Diego Garcia)) and providing a planning capability for the execution of joint (tri-Service) Operations; and
- the Central TLB, includes the MOD Head Office and provides corporate services to other TLBs.

15. Each TLB holder has a 'contract' with MOD Head Office, known as a Service Delivery Agreement, which specifies the outputs required of that TLB, the resources they are given to deliver these outputs, and the authority delegated to TLB holders by the PUS. Within the TLB structure is 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.



ANNEX B:

Summary of Progress Against Public Service Agreement Objectives and Targets

1. Table 19 summarises the Department's performance against the objectives and targets specified in the Public Service Agreement (PSA) and Service Delivery Agreement (SDA) 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 on the MOD website (<http://www.mod.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 *Italics* in Table 19. An update on progress against the few outstanding targets is summarised in Table 20. The Spending Review 2002 PSA targets are shown in Table 21. Quarterly performance against these targets is available on the website of Her Majesty's Treasury (<http://www.hm-treasury.gov.uk>).

Table 19: Performance Against 2001/02 to 2003/04 Public Service Agreement			
PSA Target	Performance Indicator	Assessment to End of 2002/03	Paragraph
Objective 1 – 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. Assessment of the ability to transport the above forces to required location.	On course Despite heavy operational demands, 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: 91%, Army: 84%, Air Force: 94%. Although the overall readiness of Force Elements improved over 2002/03, there were a number of capability areas where weaknesses still existed, particularly in the areas of sustainability and equipment. Significant progress was made on work to develop a more robust measure of military capability across the Services.	40-44
	<i>Establish the Operational Capability of the Joint Rapid Reaction Forces by late 2002/03.</i>	Partly met <i>Although largely met, it was judged that it would not be possible to generate and sustain some Force Elements of JRRF for medium-scale warfighting within the planned timescales.</i>	47
	<i>Provide the strategic lift capability provided by four large aircraft, by 2002.</i>	Met <i>The fleet of four C-17 aircraft formally entered service on 30 September 2001, three months ahead of schedule.</i>	–

Table 19 continued...			
PSA Target	Performance Indicator	Assessment to End of 2002/03	Paragraph
Objective 1 – Operations and Readiness continued...			
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.	On course The trained strength of the Navy, Army and Air Force was 97.6%, 95.5% and 98.5% respectively of their requirements. All three Services continued to experience critical shortages in certain areas.	80-83
	Navy, Army and Air Force to achieve the single Service guidelines for deployed service.	Slippage New systems mean that it is not possible to give performance against Navy or Army separated service targets. The Royal Air Force narrowly missed their target (3.3% in the last quarter of 2002/03 against a target of 0%) for the percentage of personnel exceeding 140 days of separation in a twelve-month period.	158
	Improve Service Family Accommodation in Great Britain to Standard 1 for condition.	On course The Defence Housing Executive upgraded 1,440 Service Family houses to Standard 1 for condition in 2002/03, against an in-year target of 1,200. On 31 March 2003, 50% of long-term requirement was at Standard 1 for condition (over 21,000 properties).	107
	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. The transition to all Service personnel will be complete by October 2003.	156
	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 2002/03 Armed Forces Overarching Personnel Strategy Action Plan was issued in May and considered by the Defence Management Board in June.	154
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 Operations in Iraq, the Balkans, Sierra Leone and Afghanistan were largely successful, as was Operation FRESKO (emergency cover during the firefighters' strike).	11-31
Objective II – Defence Policy			
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.	A more effective and efficient NATO, including through the implementation of the measures agreed at the Washington Summit.	On course A streamlined NATO Command Structure was approved; NATO leaders made a commitment to transform the Alliance to meet new threats, including terrorism and Weapons of Mass Destruction. NATO has also now approved the comprehensive concept for the NATO Response Force.	50-53
	NATO enlargement is in line with UK interests.	On course Assisted by the UK, the seven invited nations signed Accession Protocols in March 2003.	

Table 19 continued...			
PSA Target	Performance Indicator	Assessment to End of 2002/03	Paragraph
Objective II – Defence Policy continued...			
<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 sixty 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 sixty days, capable of undertaking the full range of Petersberg tasks.</p>	<p>Partly met In May 2003, the European Council concluded that the EU now has operational capability across the full range of Petersberg tasks, but it is limited and constrained by recognised shortfalls.</p>	54-57
	<p>Effective political/military decision making apparatus established within the EU. Minimum duplication with NATO and national machinery.</p>	<p>Met 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>On course Agreement was reached between NATO and the EU on 'Berlin Plus', giving the EU access to NATO's planning resources and other key assets.</p>	
<p>6. Improved 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 by a reduction in potential sources of future conflict, where the UK can make a significant contribution. Joint target with DfID and FCO.</p>	<p>In all countries and regions in which activities are funded by resources from the joint pools, reduced rate in the:</p> <ul style="list-style-type: none"> incidence, or likelihood, of new conflicts; incidence of conflict-related displacement; and incidence of war-related casualties. 	<p>Not yet assessed Data on performance against the PSA target is not yet available. However, the cross-Whitehall initiative for conflict prevention continued to develop and expand. 2002/03 was particularly busy for MOD, supporting regional conflict-prevention initiatives across the world.</p>	58-61
Objective III – Battle-Winning Equipment			
<p>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.</p>	<p><i>On average, in-year slippage to in-service date of less than 10 days for new major projects.</i></p>	<p>Not met <i>A400M and Support Vehicles forecast in-service dates amended, resulting in 54 days average in-year slippage. A400M is a collaborative project and its in-service date was affected by partners' requirements. Support Vehicles received non-compliant bids so the in-service dates have been extended to accommodate tender clarification needs.</i></p>	126
	<p><i>On average, in-year slippage to in-service date of less than 4 weeks for existing major projects.</i></p>	<p>Not met <i>Forecast in-service dates for Astute submarine, Typhoon (Eurofighter), Nimrod, SIFF and Brimstone projects mean over 62 weeks average in-year slippage.</i></p>	
	<p>97% of customers' key requirements to be attained.</p>	<p>Met 99.5% of key requirements were met.</p>	
	<p><i>On average, no increase in major project costs.</i></p>	<p>Not met <i>An in-year cost increase due to Astute, Brimstone, Typhoon (Eurofighter), Nimrod and Attack Helicopter. The Astute and Nimrod increases reflect assessment of Resource Accounting impact of BAE settlement.</i></p>	

Table 19 continued...

PSA Target	Performance Indicator	Assessment to End of 2002/03	Paragraph
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 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.	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.	On course The DLO achieved 3.5% output cost reductions in 2002/03 against the 2001/02 baseline. The remaining balance to be achieved against this baseline is 10.5% and delivering this is dependent upon the Business Change Programme.	146-147
	Identify by 2002 those core Defence Estate sites required for continued use by the Department and Armed Forces.	Met The categorisation of Defence Estate sites was completed on time. Further work is now underway to design a strategy to achieve an estate that meets our requirements.	111
	Achieve asset disposals of over £600M by March 2004.	On course Asset disposals totalling £307M were achieved in 2002/03, bringing the total to £419M since April 2001 and setting the course for meeting the target.	77-78
	Deliver £750M Smart Acquisition savings over the period 2001/02 to 2003/04.	On course Reductions of some £2Bn were made to the cost of MOD's planned equipment programme between 1998 and 2008. Smart Acquisition is now an integral part of MOD business and it is no longer possible to attribute savings directly to Smart Acquisition.	129
	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. Under the new system, 2.7% efficiency gains were made in 2002/03 and the Department remains on track to meet the Treasury-agreed target of 2.5% in each of the next four years.	143-144
	<i>Subject to value for money considerations, complete the Defence Evaluation and Research Agency Public Private Partnership by April 2002.</i>	Met <i>Given the market conditions, it was decided to delay the initial QinetiQ transaction to the end of 2002. The agreement was signed on schedule on 5 December 2002.</i>	191

Table 20: Performance Against 1999/00 to 2001/02 Public Service Agreement – Outstanding Targets			
PSA Target	Performance Indicator	Assessment to End of 2002/03	Paragraph
Logistic and Medical Support			
6. Achieve substantial improvement in logistic and medical support.	800 Field Hospital beds at increased readiness.	On course Operation TELIC saw the deployment of a Field Hospital capability of 700 beds.	138
Departmental Productivity Targets			
Review all MOD services and activities over a five-year period in accordance with the Better Quality Services initiative.	% of MOD services reviewed in line with the Better Quality Services initiative.	Met This initiative has concluded.	–
Reduce number of days lost by civilian staff each year through sickness absence.	Average number of days lost per staff year to sickness absence.	Partly met Although civilian sickness absence has reduced from the PSA baseline figure of 8.0 working days lost per staff year to 7.6 days, the Department is expected narrowly to miss the December 2003 target of 7.0 days.	104-105

Table 21: Spending Review 2002 PSA Targets
<p>AIM</p> <p>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.</p> <p>OBJECTIVES AND PERFORMANCE TARGETS</p> <p>Objective I: achieve success in the military tasks that we undertake at home and abroad.</p> <ol style="list-style-type: none"> 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 <p>Objective II: be ready to respond to the tasks that might arise.</p> <ol style="list-style-type: none"> 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 Royal Air Force 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. JOINT TARGET WITH FCO <p>Objective III: build for the future.</p> <ol style="list-style-type: none"> 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. <p>Value for Money</p> <ol style="list-style-type: none"> 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:

Defence Agency Performance

1. Defence agencies made a major contribution to Departmental performance in 2002/03, employing some 56% of MOD's civilian employees and accounting for around 40% of the MOD's overall annual resource cost.

MOD Agencies and Their Performance

2. In 2002/03, of the 36 Defence agencies, 31 operated as 'On-vote' agencies and the remaining five as Trading Funds. An additional Trading Fund has been created since 2001/02 following the achievement of Trading Fund status by the Army Base and Repair Organisation on 1 April 2002 – subsequently renamed ABRO. At the close of 2002/03, two agencies (the Defence Secondary Care Agency and the Defence Medical Training Organisation) were merged to create a new Defence Medical Education and Training Agency.

Agency	2001/02		Key Targets in 2002/03				
	Targets/Met ¹	% Met in 2001/02	Targets/Met ¹	%Met in 2002/03 ²	Marginal Miss ³	Better Performance ⁴	Significantly Better Performance ⁵
ABRO ⁶	5/3	60%	5/4	80%	20%	0%	0%
Armed Forces Personnel Administration Agency	4/4	100%	9/8	89%	0%	11%	0%
Army Personnel Centre	4/3	75%	4/3	75%	25%	25%	25%
Army Training and Recruiting Agency	5/3	60%	5/2	40%	20%	0%	40%
British Forces Post Office	3/3	100%	3/2	67%	0%	0%	0%
Defence Analytical Services Agency	7/6	86%	7/4	57%	14%	0%	14%
Defence Aviation Repair Agency	5/5	100%	4/4	100%	0%	0%	25%
Defence Bills Agency	7/6	86%	7/7	100%	0%	57%	29%
Defence Communication Services Agency	7/6	86%	7/6	86%	14%	43%	14%
Defence Dental Agency	12/6	50%	8/4	50%	13%	25%	0%
Defence Estates	6/4	67%	5/3	60%	20%	0%	20%
Defence Geographic and Imagery Intelligence Agency	7/5	71%	8/3	38%	13%	25%	0%
Defence Housing Executive	7/5	70%	8/5	63%	0%	13%	0%
Defence Intelligence and Security Centre	4/3	75%	7/5	71%	0%	0%	14%
Defence Medical Training Organisation ⁷	8/6	75%	8/6	75%	0%	13%	0%
Defence Procurement Agency	5/3	60%	5/3	60%	0%	20%	20%
Defence Science and Technology Laboratory	3/2	67%	4/4	100%	0%	25%	25%
Defence Secondary Care Agency ⁸	7/4	57%	8/3	38%	13%	38%	0%
Defence Storage and Distribution Agency	5/1	20%	4/4	100%	0%	50%	50%

Table 22 continued...							
Agency	2001/02		Key Targets in 2002/03				
	Targets/ Met ¹	% Met in 2001/02	Targets/ Met ¹	%Met in 2002/03 ²	Marginal Miss ³	Better Performance ⁴	Significantly Better Performance ⁵
Defence Transport and Movements Agency	5/4	80%	6/6	100%	0%	17%	17%
Defence Vetting Agency	9/1	11%	17/7	41%	0%	18%	18%
Disposal Services Agency	5/3	60%	4/4	100%	0%	0%	75%
Duke of York's Royal Military School	8/7	88%	8/6	75%	0%	13%	13%
Medical Supplies Agency	5/5	100%	7/2	29%	29%	0%	0%
The Met Office	7/6	86%	7/4	57%	14%	14%	29%
Ministry of Defence Police	8/7	88%	6/2	33%	17%	17%	0%
Naval Manning Agency	12/5	42%	12/6	50%	8%	25%	16%
Naval Recruiting and Training Agency	7/4	57%	7/5	71%	0%	57%	0%
Pay and Personnel Agency	10/9	90%	7/7	100%	0%	0%	29%
Queen Victoria School ⁹	5/4	80%	4/4	100%	0%	0%	75%
RAF Personnel Management Agency	5/5	100%	5/4	80%	20%	20%	0%
RAF Training Group Defence Agency	7/5	71%	7/5	71%	0%	0%	0%
Service Children's Education ⁹	15/9	60%	16/7	44%	44%	25%	6%
UK Hydrographic Office	12/4	33%	12/7	58%	17%	33%	17%
Veterans Agency	11/9	82%	6/6	100%	0%	33%	33%
Warship Support Agency	12/11	92%	11/10	91%	0%	9%	9%
Average	–	72%	–	70%	7%	17%	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 2001/02 have been amended for consistent and equitable comparison with 2002/03.
- (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 is judged to be narrowly missed, usually by the order of 1-2%.
- (4) Where outturn against a measure, or commentary on performance, indicates improvement over the previous year. Only applicable to Key Targets that have remained the same since 2001/02.
- (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 more. Only applicable to Key Targets that have remained the same since 2001/02.
- (6) Previously known as the Army Base and Repair Organisation, renamed ABRO when re-launched as a Trading Fund on 1 April 2002; direct comparison with pre-Trading Fund status is not possible.
- (7) Ceased to be a Defence agency on 31 March 2003, responsibilities part assumed by the Defence Medical Education and Training Agency.
- (8) Ceased to be a Defence agency on 31 March 2003, responsibilities assumed by the Defence Medical Education and Training Agency.
- (9) Performance against additional Key Target has not been included as information is not yet available.

3. During a year of exceptionally high operational tempo, MOD's Defence agencies generally performed well against their 2002/03 targets, as shown in Table 22. Nine agencies met all of their Key Targets, a significant increase over last year, and four others fell just short of achieving 100% of their targets. In addition, eight agencies met at least 75%, and twelve others met at least 50% of their targets. The average Key Target achievement level, however, was down 2% on last year to 70%.

4. Performance against an average of 34% of Key Targets showed improvement over the previous year, 17% of which were exceeded in the region of 5% or more. Examples of targets that were significantly exceeded included:

- The Disposal Services Agency achieved a gross cash receipt of £29M against a target of £25M from the sale of surplus Government owned equipment and stores.
- In the first year of operation as a Trading Fund, ABRO was able to deliver over £9M of competed work against a target of £4M.
- The Defence Housing Executive was able to upgrade a total of 1,440 Service family houses against a target of 1,200; an important contribution to Service personnel retention and morale.
- The Defence Estates agency produced an agreed set of categorised core sites under the Core Sites initiative on schedule, giving the Department a comprehensive understanding of the nature, extent and value of its estate assets as well as its capacity for development. Disposal receipts exceeded the target of £185M by some 50%.
- Both of the Defence schools significantly exceeded their targets relating to the generation of income.

5. Performance against Key Targets fell for a number of agencies in 2002/03. In several cases Key Target achievement suffered due to the high level of operational activity. The main areas of reduced performance relate to:

- The Army Training and Recruiting Agency experienced disruption to their training programmes. The agency is dependent on the Field Army making personnel available to attend courses. Events during the year led to a considerable number of individuals being withdrawn part way through courses, making attainment of a number of Key Targets impossible.
- The Defence Geographic and Imagery Intelligence Agency was heavily involved in the provision of imagery intelligence support of Operation TELIC. As a result, resources required to meet a number of the agency's Key Targets were diverted in support of operational requirements, leading to reduced performance against Key Targets.
- Performance of the Medical Supplies Agency fell in 2002/03. Despite not achieving all Key Targets, performance against targets relating to response times was high. In addition, the agency successfully met the demands placed by Operation TELIC with activity levels equating to some two years work at routine levels of production output.
- Fewer Key Targets were met by the Ministry of Defence Police in 2002/03. A number of new Key Targets were introduced this year. Although not all were met, performance was close to the desired levels and work is in hand to address shortfalls.
- The Defence Vetting Agency did well in meeting its quality and efficiency Key Targets but failed to meet its timeliness Key Targets. This was partly due to technical difficulties experienced following the introduction of a new IT system. The system is now on track and the agency is in a much stronger position to meet its timeliness targets in 2003/04.
- The number of Key Targets met for the Service Children's Education Agency fell in 2002/03. However, there was steady improvement in performance for a number of Key Targets over previous years and the majority of missed Key Targets were marginal misses.

6. There were areas of agency performance where significant improvement was demonstrated yet the relevant Key Target was marginally missed. Overall, 7% of targets were marginally missed.

- Set against a target of 90%, the Defence Analytical Services Agency achieved a jump in customer satisfaction from 81% in 2001/02 to 87% in 2002/03. New products and services have recently been developed to meet the changing needs of customers.
- The Met Office improved its commercial activities contributions by over 10% compared to financial year 2002/03. Commercial activities represent the contribution made towards the Met Office's non-commercial operations as a result of the agency's participation in competitive markets.

7. 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 safeguard against possible future decline in performance. For example, the Naval Recruiting and Training Agency's target pass rate for career and pre-joining training remains at 95% and has been achieved for a number of years. It is not deemed cost-effective to attempt to further increase pass rates.

8. Agencies also contributed to wider MOD efficiency and 'joined up' Government, both nationally and internationally. For example:

- The Defence Transport and Movements Agency pursued an extensive programme of strategic efficiencies that delivered a total of £1.2M in direct benefits towards the achievement of the Defence Logistics Organisation's strategic goal.
- The Defence Communication Services Agency carried through the restructuring of the Restricted LAN Interconnect Services contract to deliver an approximate 40% reduction in annual tariffs from April 2003 to April 2007 (£54,000 in total). The restructuring has also improved the support to the Defence Information Infrastructure requirements.
- The Met Office provides assistance to the Department for International Development and aid agencies, as well as national meteorological services in the event of major natural disasters. The Met Office's Nimrod system, which provides a unique fully automated system for producing analyses and forecasts of rainfall, has recently been chosen by the Polish national meteorological service to assist in providing advance warning of severe flood events.

9. In striving for continuous improvement, a number of agencies are benchmarking their processes and performance against various standards and leading organisations in the public and private sector. For example:

- The Pay and Personnel Agency had its ISO 9001 2000 certification successfully extended to include its pensions business area and parts of its information systems, bringing the total proportion of the agency to be covered by ISO certification to 87%.
- Independent global findings show that at £2.80 the Defence Bills Agency's average process cost per bill compares favourably with both public and private sector best practice. This has been a major factor in ensuring that the MOD is near the top of the Government payment performance benchmark tables (published annually in July by the Department of Trade and Industry).

10. The MOD is committed to the regular and rigorous review of all its activities, including its agencies. In line with the recommendations of the 2002 agency policy review, the MOD continues with work to conduct end-to-end business reviews, focused on processes rather than discrete organisations. In a number of cases this approach has subsumed previously planned quinquennial reviews of agencies. Business Reviews undertaken since the agency policy review include the vetting process and the Service personnel provision process.

11. 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 document 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

12. Details, including descriptions of the purpose and size of the MOD's Non-Departmental Public Bodies, their funding and the contact details of their Directors or General Managers can be found on the MOD website at <http://www.mod.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. Continued publicity given to the Defence Fraud Analysis Unit (DFAU) and MOD Police as reporting points for suspected fraud sustained the increased volume of 'whistleblowing' disclosure. This contributed to the total of 216 suspected cases of fraud and theft recorded by the DFAU, with an estimated value of £2.5M. Suspected contract fraud accounted for 42 of these cases and for £2.2M of the estimated value. Action was put in hand to revise, simplify and update internal guidance and policy on the reporting and handling of suspicions, much of which was put into the wider context of financial irregularity and abuse of authority, thus extending the overview of potential risk. A new integrated database of reported suspicions was created. A programme of fraud risk awareness training covered some 6,000 staff in the UK and overseas (compared to 4,000 last year) and, in development of a proactive stance, the DFAU undertook a total of six spot checks across the department on procedures attracting recognised risk.

Bill Paying Performance

2. The Departmental aim remained to pay bills in accordance with agreed contractual conditions or, where no such conditions exist, within thirty days of receipt of goods and services or the presentation of a valid invoice. Details of performance shown in Table 23 are also set out in the Forewords to the relevant Agency Accounts, which have been agreed with the National Audit Office.

3. In 2002/03 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.

	2001/02		2002/03	
	Target	Achieved	Target	Achieved
MOD Headquarters	100%	100%	99.9%	99.93%
ABRO	1	1	100%	100%
Defence Aviation Repair Agency	100%	90.6%	100%	90.6%
Defence Science and Technology Laboratory	100%	98.1%	100%	97%
The Met Office	100%	99.6%	100%	99.8%
UK Hydrographic Office	100%	98.9%	100%	98.7%

Notes:
(1) ABRO became a Trading Fund on 1 April 2002; direct comparison with pre-Trading Fund status is not practical.

Open Government

4. In accordance with the Government timetable for implementation of the Freedom of Information (FOI) Act 2000, MOD's Publication Scheme was launched at the end of November 2002. This represents a commitment to make over one hundred 'Classes of Information' available proactively on a continuous basis. Much of the information can be accessed directly from the electronic version of the Publication Scheme (<http://www.foi.mod.uk>). We have also continued to use MOD's website to provide more dynamic information. In particular, regular headline reports have been posted to chart the progress of major deployments such as Operation TELIC (in Iraq), and to provide a plethora of supporting background material such as maps, photographs, speeches, statements, reports and links to related sites.

5. The second major FOI milestone occurs on 1 January 2005 when the general right of access to information comes into force. In August 2002, a Programme Board was formed to give strategic direction to the work that is underway to promote awareness of the Act and to develop Department-wide policies and procedures for compliance with the new right. Given MOD's size, scale and diversity (both geographic and functional), this represents a major challenge. The aim is to complete key preparatory stages in 2003/04 in order to have time to test and refine our approach before January 2005. The programme of FOI preparations also includes an audit exercise to review the information we hold. In parallel with this the review of records that have been closed for more than thirty years is continuing: 94 such records were released to the Public Records Office in 2002, bringing the total number to 12,140 since inception of the review programme in 1992.

6. In advance of full implementation of the FOI Act, MOD continues to respond to requests for information in accordance with the Code of Practice on Access to Government Information:

Category	2001	2002 ¹
Number of Code requests dealt with over the period	79	1,941
Number of Code requests answered within twenty working days	57	1,867
Number of Code requests for which charges were made	3	1,324
Number of Code requests where some information was withheld	40	67
Number of internal reviews completed	4	3
Number of internal reviews completed within twenty working days	0	1
Number of internal reviews where the original decision was upheld	1	0
Number of internal reviews where additional information was disclosed	3	3
Number of investigations completed by the Parliamentary Ombudsman	1	3
Number of Ombudsman investigations where MOD's decision was upheld	1	0
Number of Ombudsman investigations where additional information was disclosed	0	3

Notes:

(1) These figures include MOD agencies, Trading Funds and Non-Departmental Public Bodies for the calendar year 2002. The dramatic increase from 2001 is partly due to a growing awareness by officials of the Code of Practice and the importance of retaining more detailed records in light of the impending implementation of the Freedom of Information Act (2000). A direction from the Lord Chancellor's Department to categorise all requests for which a fee was charged as 'Code requests' also had a significant impact on the numbers.

Accountability to Parliament

7. During 2002/03, the Department responded to three reports published by the Committee of Public Accounts and five House of Commons Defence Committee Reports:

Report Number	Title	Government Reply
4th Report 2002/03	Private Finance Initiative: Redevelopment of MOD Main Building (HC 298)	Cm 5789
6th Report 2002/03	Ministry of Defence: Exercise Saif Sareea II (HC 502)	Cm 5801
13th Report 2002/03	Progress in Reducing Stocks	Cm 5849

Report Number	Title	Government Reply
3rd Report 2001/02	The MOD's Reviews of Armed Forces' Compensation Arrangements (HC 666)	3 July 2002
4th Report 2001/02	Major Procurement Projects (HC 779)	4 October 2002
6th Report 2001/02	Defence and Security in the UK (HC 518)	9 October 2002
7th Report 2001/02	The Future of NATO (HC 914)	10 October 2002
1st Report 2002/03	Missile Defence (HC 290)	5 February 2003

Parliamentary Correspondence

8. Table 27 shows Departmental and agency performance in replying to Ministerial Correspondence (that is, letters from Parliamentarians to Ministers) during 2002/03.

Table 27: Ministry of Defence Ministers and Agency Chief Executives' Performance in Replying to Ministerial Correspondence			
	Target Set for Despatch (Working Days)	Number of Letters Received for Answer	Percentage of Replies Within Target
Ministry of Defence (excluding Defence Agencies)	15	5,471	85
Defence Agencies			
ABRO	15	3	100
Armed Forces Personnel Administration Agency	15	38	100
Army Personnel Centre	15	5	100
Army Training and Recruiting Agency	15	1	100
British Forces Post Office	3	3	67
Defence Analytical Services Agency	15	0	N/A
Defence Aviation Repair Agency	15	2	100
Defence Bills Agency	10	3	100
Defence Communication Services Agency	15	1	100
Defence Dental Agency	10	3	100
Defence Estates	15	9	78
Defence Geographic and Imagery Intelligence Agency	15	1	100
Defence Housing Executive	15	7	86
Defence Intelligence and Security Centre	15	1	100
Defence Medical Training Organisation ¹	15	2	100
Defence Procurement Agency	15	1	100
Defence Science and Technology Laboratory	15	2	100
Defence Secondary Care Agency ²	15	5	60
Defence Storage and Distribution Agency	15	2	100
Defence Transport and Movements Agency	15	2	100
Defence Vetting Agency	15	7	100
Disposal Services Agency	15	2	100
Duke of York's Royal Military School	15	0	N/A
Medical Supplies Agency	15	1	100
The Met Office	15	16	100
Ministry of Defence Police	15	29	86
Naval Manning Agency	15	3	67
Naval Recruiting and Training Agency	15	0	N/A
Pay and Personnel Agency	10	6	100
Queen Victoria School	15	1	100
RAF Personnel Management Agency	15	4	100
RAF Training Group Defence Agency	15	2	100
Service Children's Education	15	1	100
UK Hydrographic Office	15	11	100
Veterans Agency	15	242	99
Warship Support Agency	15	1	100
Notes:			
(1) DMTO was disestablished on 31 March 2003; the Defence Medical Education and Training Agency (DMETA) assumed its responsibilities on 1 April 2003.			
(2) DSCA was disestablished on 31 March 2003; the Defence Medical Education and Training Agency (DMETA) assumed its responsibilities on 1 April 2003.			

Sponsorship

9. As part of the Government's response to the Sixth Report of the Committee on Standards in Public Life, the MOD compiles a summary of all sponsorship of MOD activities by the private or voluntary sector valued at over £5,000. Table 28 shows the information for 2002/03.

Activity	Total Value of Sponsorship (excluding VAT) ¹	Companies Sponsoring Over £5,000	Company Contribution (excluding VAT) ¹
RAF Aerobatic Display Team	£54,500	BAE SYSTEMS Breitling Total/Fina/Elf	£22,100 £11,100 £21,300
RAF Falcons Parachute Display Team	£52,000	AVIA Match Company Vauxhall	£10,200 £37,400
Blue Eagles Helicopter Display Team	£20,500	BAE SYSTEMS Breitling	£5,000 £10,200
Battle of Britain Memorial Flight	£10,200	MG Rover	£5,800
Royal Naval Presentation Team	£23,800	Jaguar	£23,800
Road safety promotion within British Forces Germany	£7,200	Land Rover Deutschland	£7,200
RRW Regimental Promotion	£12,800	Brains Brewery	£12,800
RNAS Culdrose Air Days	£17,000	Lockheed Martin	£17,000
Army Recruitment	£17,000	SNOWIE Group	£17,000
RA – The Flying Gunners	£15,700	Wurth	£8,500
RA – The Black Knights	£15,300	Skoda	£15,300
Note:			
(1) Figures rounded to nearest hundred.			

Safety, Health, Environment and Fire

10. In 2002/03, the Department addressed a wide range of Safety, Health, Environment and Fire (SHEF) issues. For example, we:

- Completed the review of the Third Tier Arrangement Implementing Joint Operational Plan Part 1. This establishes the policies and responsibilities of the MOD, the US Department of Defence, UK and US response forces, and other responsible UK and US authorities to ensure a co-ordinated response to an accident or significant incident involving US nuclear weapons or nuclear components in the UK, including its internal waters and territorial sea.
- Hosted a meeting of a new network of Defence environmental policy experts from European Union Member States (DEFNET). This agreed a framework for regular communication on environmental issues of mutual interest to facilitate the adoption of best practice in the protection of the environment by the Defence sector, and to help ensure that Defence needs are taken into account during the development of environmental legislation.
- Continued work on two separate but inter-linked work-streams within the Department that will affect the future of the Ministry of Defence Fire Service – the Airfield Support Services Project and the Fire Study 2000.
- Provided military personnel for emergency fire-fighting and rescue during industrial action by the Fire Brigades Union.

- Delivered fire safety advice and operational fire-fighting capability in Iraq (Operation TELIC), at Banja Luka and Sipovo in Bosnia Herzegovina, in Kosovo at Pristina and Podujevo and in Afghanistan at Bagram Airport; and supported the demobilisation programme to retrain soldiers as firefighters in Bosnia Herzegovina in support of the stability pact.
- Received endorsement from the Defence SHEF Board of the Department's Climate Change Strategy. The Strategy will quantify the MOD's contribution to global climate change in terms of its total emissions of greenhouse gases, and determine targets for reductions in those emissions.
- Signed a Memorandum of Understanding with Transport for London enabling certain MOD vehicles to be eligible for a 100% discount in respect of the Central London Congestion Charging Scheme.
- Published strategies for business travel and water consumption in response to agreed published cross-Government targets under the Framework for Sustainable Development on the Government Estate (details at <http://www.sustainable-development.gov.uk> and <http://www.mod.uk/dsef/environmental.htm>).
- Continued work on establishing a MOD sustainable development strategy, based on the Government model.
- Launched a Sustainable Development Steering Group to oversee the development of MOD's sustainable development strategy and serve to promote the integration of sustainable development principles into all decision-making processes across the Department.
- Joined seven other Government departments in piloting an integrated policy appraisal (IPA) tool developed by the Department for the Environment Food and Rural Affairs. Two pilot IPA studies examining 'A New Chapter to the Strategic Defence Review' and the UK Military Flying Training System are currently underway.
- Trialled successfully the Department's integrated audit methodology for SHEF management.
- Published procedures for this methodology in the Departmental SHEF Audit Manual and introduced the methodology within MOD and the Trading Fund Agencies.
- Issued an updated version of the MOD Health and Safety Handbook (JSP 375).

ANNEX E:

Defence Equipment Programme and Collaborative Procurement

1. The following tables show the numbers of deliveries accepted in 2002/03 and/or planned for 2002/03, on 31 March 2003, for major equipment programmes. This includes all current projects on which, at 31 March 2003, 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. The precise definition of in-service date varies with different equipment although, in general terms, it can be taken to refer to the date on which the equipment is expected to be available and supportable in service in sufficient quantity to provide a 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.

Manoeuvre

2. 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 29: Capability Manager Manoeuvre Equipment Programme							
Equipment	Number Ordered Before 1 April 2002	Number Ordered During 2002/03	Number Delivered Before 1 April 2002	Number Delivered During 2002/03	Deliveries Planned During 2003/04	Balance Outstanding	In-Service Date (Year Only)
Armour/Anti-Armour							
BRV Hippo ¹	4	0	0	1	3	0	2003
Attack Helicopter	67	0	17	26	23	1	2001
Brimstone anti-armour weapon	²	²	²	²	4%	96%	2004 ³
Multi-Role Armoured Vehicle (MRAV)	0	0	0	0	0	0	⁴
Indirect Fire							
COBRA (Counter Battery Radar)	7	0	0	0	2	5	2004
Extended Range Ordnance/Modular Charge System (ERO/MCS) for AS90 Self-Propelled Howitzer	ERO: 202 MCS: 650,345	0	0	0	0	ERO: 202 MCS: 650,345	2007 ³
Tactical Mobility							
Merlin HC Mk 3 (Utility EH101)	22	0	17	5	0	0	2000
Chinook MSH HC3	8	0	8	0	0	0	2007 ³

Table 29 continued...

Equipment	Number Ordered Before 1 April 2002	Number Ordered During 2002/03	Number Delivered Before 1 April 2002	Number Delivered During 2002/03	Deliveries Planned During 2003/04	Balance Outstanding	In-Service Date (Year Only)
Mobility/Counter Mobility							
Trojan & Titan	66 ⁶	0	0	0	0	66	2006
BR 90 Bridge Systems ⁷							
Long Span/Two span	9	0	9	0	0	0	2000
Vehicles	139	0	139	0	0	0	1996
Bridges	184	0	184	0	0	0	7
Trestles	14	0	14	0	0	0	2002
Shielder ⁸	30	0	30	0	0	0	2001
Terrier ⁹	0	65	0	0	0	65	2008
Combat Simulators							
Combined Arms Tactical Trainer (CATT)	2	0	0	2	0	0	2002
Notes:							
(1) An armoured beach recovery vehicle.							
(2) Weapon numbers are classified.							
(3) The in-service date is currently under review.							
(4) At the end of March 2003 the project was under review and in July 2003 the MOD decided to withdraw from the programme.							
(5) The in-service date of Chinook Mk3 is currently under review.							
(6) 33 of each vehicle.							
(7) 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 (LS/TS) Equipment which entered service in 2000 and the Trestle Equipment which entered service in 2002.							
(8) A vehicle launched scatterable anti-vehicle mine system.							
(9) The replacement for the Combat Engineer Tractor.							

Strategic Deployment

3. 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 submarines 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 30: Capability Manager Strategic Deployment Equipment Programme							
Equipment	Number Ordered Before 1 April 2002	Number Ordered During 2002/03	Number Delivered Before 1 April 2002	Number Delivered During 2002/03	Deliveries Planned During 2003/04	Balance Outstanding	In-Service Date (Year Only)
Above-Water Battlespace							
Single-Role Minehunter	12	0	12	0	0	0	1989
Sonar 2087	0	6	0	0	0	6 ¹	2006
Type 45 Destroyer	6	0	0	0	0	6	2007
Seawolf Block 2	²	²	²	²	²	²	2005
Seawolf Mid-Life Update	44	0	0	0	0	44	2007 ³
Under-Water Battlespace							
Astute Class Submarine	3	0	0	0	0	3	2009 ⁴
Swiftsure and Trafalgar Class Update	4	0	0	1	1	2	2004
Nimrod MRA4 Aircraft ⁵	18	0	0	0	0	18	2009
Merlin ASW Helicopter	44	0	39	5	0	0	1999
Stingray Torpedo Mod 1	0	²	0	0	0	²	2006
Spearfish Torpedo	²	²	²	²	²	²	1994
Deploy/Sustain/Recover							
A400M	0	0	0	0	0	⁶	2011
C-17	4	0	4	0	0	0	2001
Hercules C-130J	25	0	25	0	0	0	2000
Landing Platform Dock (Replacement)	2	0	0	0	1	1	2003
Auxiliary Oiler	2	0	0	1	1 ⁷	0	2003
Landing Ship Dock (Auxiliary) ⁸	4	0	0	0	1	3	2004
Notes:							
(1) Planned total of ship systems required was reduced from sixteen to twelve in the 2002 planning round and a contract has been placed for six sets with an option for a further six. 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.							
(2) Weapon numbers are classified.							
(3) In-service date slipped from 2006 due to inclusion of a Baseline Re-alignment Programme.							
(4) In-service date for Astute is the subject of official negotiations.							
(5) Aircraft numbers were reduced from 21 to 18 in early 2002. Following MOD/BAE SYSTEMS Agreement in February 2003, the programme was restructured, slipping the in-service date by four years.							
(6) The UK requirement for 25 aircraft was confirmed in May 2003.							
(7) Delivered April 2003.							
(8) Alternative Landing Ships Logistic (ALSL) had its name changed to Landing Ship Dock (Auxiliary) during 2002/03.							

Strike

4. 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 2002	Number Ordered During 2002/03	Number Delivered Before 1 April 2002	Number Delivered During 2002/03	Deliveries Planned During 2003/04	Balance Outstanding	In-Service Date (Year Only)
Aircraft							
Typhoon (Eurofighter)	55	0	0	0	10 ¹	45	2003 ²
Typhoon ASTA (Aircrew Synthetic Training Aids)	1	0	0	0	0	1 ³	2004 ⁴
Tornado GR Mid-Life Update	142	0	113	24	5	0	1998
Tornado F3 – Weapon System Upgrade	100	0	92	8	0	0	1998
Weapons							
PGB (Precision Guided Bomb)	0	0	0	0	0	5	2007
Conventionally Armed Stand Off Missile (Storm Shadow)	6	6	6	6	6	6	7
ASRAAM (Advanced Short Range Air-to-Air Missile)	6	6	6	6	6	6	2002
BVRAAM (Beyond Visual Range Air-to-Air Missile)	0	6	0	0	0	6	2012
Tomahawk Missiles	107	0	85	0	22	0	1998
Notes:							
(1) Includes instrumented production aircraft and fatigue specimen, which will not be delivered to the RAF.							
(2) Date of delivery of first aircraft to the Royal Air Force.							
(3) Relates to the first of three envisaged tranches.							
(4) Date of provision of initial training capability at RAF Coningsby for Cockpit Trainer.							
(5) Contract expected to be placed in late 2003. Numbers are classified.							
(6) Weapon numbers are classified.							
(7) In-service date slipped from 2002 due to technical problems. New in-service date yet to be decided.							

Information Superiority

5. 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 32: Capability Manager Information Superiority Equipment Programme							
Equipment	Number Ordered Before 1 April 2002	Number Ordered During 2002/03	Number Delivered Before 1 April 2002	Number Delivered During 2002/03	Deliveries Planned During 2003/04	Balance Outstanding	In-Service Date (Year Only)
Intelligence, Surveillance, Target Acquisition and Reconnaissance							
ASTOR (Airborne Stand-off Radar) ¹							
Aircraft	5	0	0	0	0	5	2005
Ground	8	0	0	0	0	8	
Communications							
Skynet 4 Stage 2	3	0	3	0	0	0	1998
Skynet 5							²
Bowman (Combat Radio System) ³	1	0	0	0	1	0	2004
CIP ⁴	0	1	0	0	1	0	2004
Royal Navy Joint Tactical Information Distribution System and Satellite Tactical Data Links							
Increment 1	2	5	2	4	1	0	2003
Increment 2	11	0	0	0	0	11	2004
Increment 3	16	0	0	0	0	16	2005
Increment 4	11	0	0	0	0	11	2006
Increment 5	11	0	0	0	0	11	2008
Notes:							
(1) ASTOR comprises five Sentinel R Mk 1 aircraft and eight ground exploitation facilities. The ASTOR in-service date is defined as the operational availability of two air platforms, two ground stations, a corresponding support capability and the availability of sufficient trained manpower. This would enable a basic operational capability for a brigade-level deployment.							
(2) Skynet 5 satellites will begin to replace Skynet 4 Stage 2 constellation towards the end of the decade (based on the current estimates for the Out of Service date of Skynet 4). This is a PFI Project.							
(3) Delivery of a tactical data and voice communications system from 2004-2007, with potential scope for 48,000 radios (not including 45,000 Personal Role Radios).							
(4) A Common Battlefield Application Toolset (ComBAT), Infrastructure (I) and armoured Platform Battlefield Information System Application (PBISA) to support Command and Battlespace Management for the Land Component.							

Collaborative Procurement

6. 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.

- During June 2002, the OCCAR Board of Supervisors agreed that an independent review of the organisation should be undertaken to ensure that its potential is maximised. Deloitte Consulting was selected through open competition to conduct the review and a contract was placed with them in February 2003. The study will look at five discrete but overlapping areas including structure and business processes.
- The Meteor demonstration, manufacture and support contract was signed by the DPA (on behalf of all six Partner Nations) and MBDA on 23 December 2002. This is a collaborative programme with five other nations: Germany, Spain and Italy (for Typhoon), Sweden (for JAS 39 Gripen) and France (for Rafale).
- The implementation phase of the Letter of Intent Framework Agreement involving UK, Spain, France, Germany, Italy and Sweden progressed satisfactorily.

- Negotiations on security of supply arrangements under the UK/US Declaration of Principles led to the signature of an Annex to the UK/US Defence Equipment Co-operation Memorandum in April 2002 and a Code of Conduct between the Department and UK Industry on 4 July 2002.
 - In conjunction with our European Union (EU) partners we successfully negotiated a European Council Regulation allowing duty relief on the importation of military goods from outside the EU.
 - In early 2003 the EU Council adopted the conclusions of the Convention of Europe which among other things declared the creation of an Inter-Governmental European Capabilities Development Research Acquisition and Armaments Agency. The UK will continue to be involved in the development of the proposed Agency.
7. A list of collaborative equipment projects involving the UK, as at 31 March 2003, is available on the MOD website at <http://www.mod.uk>.

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