ENABLING PROCESS

PERSONNEL

Objective: Manage our people to give of their best.

Public Service Agreement Target (SR2002 MoD Target 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 the RAF achieve, and thereafter maintain, manning balance, and that by the end of 2005, the Army achieves, and thereafter maintains, manning balance:

- Achieve Single Service Guidelines for deployed Separated Service.

Performance Measures and Assessment

Achieve Harmony Guidelines for Royal Navy:

Separated Service – no more than 660 days Separated Service over a rolling 3 year period. Tour Intervals – fleet units to spend a maximum of 60% time deployed and 40% alongside in a 3 year cycle:

- **Mechanism under development for reporting Separated Service. Breaches of Harmony in the Royal Navy are judged to be isolated.**

Achieve Harmony Guidelines for Army:

Separated Service – no more than 415 days separated service over rolling 30 month period, and no more than 6 months on operations in every 30 months:

- **Mechanism under development for reporting individual Separated Service;**

Tour Intervals – 24 Month average interval between unit tours:

- **Average tour interval has improved since last year. Breaches of recommended tour intervals have been unavoidable for some Force Elements due to the current level of operational tempo, with Infantry averaging 21 months (18 months in 2003-04) and Royal Artillery 19 months (18 months in 2003-04).**

Achieve Harmony Guidelines for Royal Air Force:

Separated Service – no more than 2.5% of personnel to exceed 140 days separated service over a rolling 12 month period:

- **3.9% of personnel more than 140 days detached duty over 12 months (5.4% in 2003-04).**

Tour Intervals – no more than 4 months on operations in every 20 months:

- **Mechanism under development for reporting of Tour Intervals. Guidelines not achieved by some Force Elements and specialist Cadres.**

Improved Career Satisfaction: Increase levels of positive response in Service and Civilian attitude surveys:

- Royal Navy:
  - **59% of RN personnel surveyed were reported to be satisfied or very satisfied with Service life in 2004-05;**
- Army:
  - **58% of Army Officers and 42% of Soldiers surveyed were reported to be satisfied or very satisfied with Service life in 2004-05;**
- Royal Air Force:
  - **61% of RAF Officers and 48% of other ranks surveyed were reported to be satisfied or very satisfied with Service life in 2004-05;**
- Civilians:
  - **64% aggregate positive response to Civilian attitude survey (70.6% in 2003-04); 73% satisfied with MoD as an employer.**

Investors in People

- **At 31 March 2005, 99% of all military and civilian staff working in IIP recognised Organisations.**

HARMONY GUIDELINES

176. All three Services have agreed 'Harmony Guidelines' to allow members of the Armed Forces to have sufficient time to recuperate from operations; for unit, formation and personal training and development; and to spend time at home with their families. Tour Intervals capture the frequency that formed units (an Infantry Battalion for example) are deployed and time spent at home recuperating. Whilst Tour Intervals may be achieved this does not always capture how often individual Service men and women are away from home and therefore, we also measure individual Separated Service. Over the past year we have ensured that the basic parameters against which Tour Intervals for formed units and Separated Service for individuals are measured and aligned, so that we can compare like with like. We expect all three services to be able to report against the aligned Tour Intervals and Separated Service guidelines from next year onwards.

177. Last year saw a continuously demanding operational tempo and high levels of commitment. Whilst average Army tour intervals have improved since last year certain trades and some specialist cadres associated within Operational Units, continue to breach the guideline of a 24 month interval between tours. The units experiencing particular problems include the Infantry and Royal Artillery, with tour intervals of 21 and 19 months respectively. There are specialist cadres experiencing significantly worse tour intervals and certain elements of the Army have tour intervals of less that one year. However, the Army's position is now stabilising and an improvement is forecast over the coming years. Tour interval guidelines of no more that 4 months on operations in every 20 months have not been achieved by some Force Elements and specialist cadres within the RAF.

178. Both the Royal Navy and the Army continue to develop appropriate reporting mechanisms for individual Separated Service. The RN judges wide-spread breaches of harmony to be extremely unlikely, but accepts that certain individuals may breach the guidelines. 3.9% of the RAF breached the recommended 140 days of detached duty in a 12 month period (a clear improvement on the 5.4% reported last year) as a result of training commitments and the manpower drawdown.

179. A tri-service working group was formed in February 2004 to look at each 'Operational Pinch Point' trade, where the pressures are particularly high. Work continues to identify ways to reduce breaches of the harmony guidelines in these areas.

A warm welcome home

CAREER SATISFACTION

Service Personnel

180. Surveys are undertaken into the attitude of Service personnel and the satisfaction of their families. The Royal Navy Personnel Attitude Survey reported the same top issues for both satisfaction and dissatisfaction that were shown in the last survey. Again, RN personnel were most satisfied with security of employment (86%) and least satisfied with their ability to plan their own life long term (50%). Below these issues, satisfaction was derived from amount of responsibility (78%) and accuracy of assessment of appraisal report (73%), whilst there was dissatisfaction from Quality of Equipment (47%) and amount of fun in Service (46%). The Royal Marine survey provided similar responses apart from expressing dissatisfaction with the current X-factor rate of pay of 13% (64%). 59% of RN personnel surveyed were reported to be satisfied or very satisfied with Service life.

181. Surveys are undertaken twice a year into the attitudes of serving Army officers and soldiers. The most recent identified the top two retention positive factors for officers as job security (77%) and excitement (70%): this represents a change to the previous findings where job satisfaction and challenge were cited as the most important. For soldiers, job security (69%) and pension entitlements (54%) were the most positive retention factors, with job security and job satisfaction at the top in the previous report. Currently, the most cited negative retention factor for both officers and soldiers is the impact of Army lifestyle on personal domestic life (62% and 47% respectively). The second highest negative retention factor for both is the effect of

operational commitment and overstretch (52% of officers and 37% of soldiers). This is broadly in line with the last survey. We anticipate that the implementation of the Future Army Structure will help address these negative retention factors. 58% of Army Officers and 42% of Soldiers surveyed were reported to be satisfied or very satisfied with Service life.

182. The top item of satisfaction for Royal Air Force personnel is 'enjoyment of life in the Service' (86%). Others areas of satisfaction include 'enjoyment of present jobs' and the 'opportunities to gain qualifications', 'own line management' and to 'extend skills and knowledge' (all 59%). In some areas junior ranks had prevailing dissatisfaction/negative attitudes whilst the reverse was true for senior ranks; these included 'opinions of promotion' and 'assessment procedures' and the 'extent to which personnel are informed about RAF strategic issues'. Major sources of dissatisfaction and concern were: the 'effects of overstretch' (85%) and 'gapping' (71%); the 'effects of civilianisation and contractorisation' (77%); not 'feeling valued by the RAF' (51%); perceived 'lack of help to families when serving personnel are absent' (39%) and the 'effects of Service life on family life' (36%). These issues broadly relate to the results from the last two years, and will be closely monitored. 61% of Officers and 48% of other ranks in the RAF surveyed were reported to be satisfied or very satisfied with Service life.

Civilian Personnel

183. The continuous Civilian Staff Attitude Survey is now in its third year. Overall, results continued to be encouraging. Staff overwhelmingly understood how their role contributes to the achievement of the MoD's overall objectives. Moreover, they believed that good use was made of their skills in their work and that they could get access to the right kind of training when they needed it. A significant majority felt that they could express ideas and have them taken seriously and that they were fairly treated at work, indicating good relationships with their line managers. Considering everything, almost three quarters of civilians were satisfied with MoD as an employer.

184. Results relating to performance pay were less encouraging. 71% of staff do not agree that MoD's current performance pay arrangements reward better performance. This reflected unease at the bonus system introduced in 2003. However, the results also indicated that nearly three quarters of staff accepted the premise that those who made a greater contribution should receive a greater financial reward and over half supported the proposed change to a more flexible performance pay system. The issue, therefore, is the current approach to performance pay rather than performance pay as a concept. This will be reviewed in the context of the 2006 pay negotiations.

Table 18: Extent of Civilian Career Satisfaction, as expressed in Attitude Surveys.

Questions	Positive Reponses (except where indicated) 2004-05	2003-04	2002-03
Considering everything, how satisfied are you with the MoD as an employer?	**73%**	73%	69%
Are you aware of the MoD's aims and objectives?	**80%**	82%	77%
How would you rate your understanding of how your job contributes to the MoD's aims and objectives?	**90%**	90%	88%
I have access to the kind of training that I need to carry out my job properly.	**85%**	78%	77%
My job makes good use of my skills and abilities.	**71%**	70%	68%
I can express my ideas and views and have them taken seriously by Managers.	**70%**	67%	62%
Do you regard the MoD as an equal opportunities employer?	**89%**	88%	84%
Individuals who make a greater relative contribution towards achieving business outputs should receive a greater financial reward.	**74%**	Not Applicable	Not Applicable
The MoD's current performance pay arrangements reward better performance. (Percentage disagree or strongly disagree).	**71%**	66%	61%
The move to introduce a more flexible percentage split for the reward of performance is the right thing to do.	**56%**	Not Applicable	Not Applicable
Overall aggregated positive response rates for each year.	**64%**	70%	69%

INVESTORS IN PEOPLE (IIP)

185. At 31 March 2005, 99% of all MoD staff, military and civilian, were working in organisations recognised as Investors in People. We are now working towards corporate IIP recognition. We continue to play a leading role in the development of Investors in People across the Civil Service and helped with the development of a new national IIP Standard and Profile, which was launched in November 2004. The new Standard very clearly positions Investors in People as a business improvement tool which links management capability, the involvement of people in the organisation and their continuing development to the achievement of enhanced business performance. As such, it aligns closely with the aims of the Service Personnel Plan and the Civilian Workforce Plan (see chapter on Future Manpower on pages 115-118).

FURTHER SOURCES OF INFORMATION

186. Additional information on Personnel is available from the following sources:

- quarterly PSA reports to HM Treasury at www.mod.uk;
- UK Defence Statistics 2005;
- Continuous Attitude Surveys at www.foi.mod.uk;
- Public Opinion Surveys at www.foi.mod.uk.

ESSAY – The Duty of Care and Welfare in Initial Training

Between 1995 and 2002 four young soldiers died whilst undertaking initial training at the Princess Royal Barracks at Deepcut in Surrey. In March 2004, Surrey Police published its fifth and final investigative report on Deepcut, which highlighted the vulnerability of young soldiers in training, commented on the approach to the care and welfare of trainees and put the case for a broader enquiry into the care regime and the introduction of a continuous independent oversight mechanism.

The report acknowledged the positive approach taken by the Army and the MoD since 2002, but was critical of the perceived failure to implement lessons learned and recommended that a broader investigation be held into the standards of care in the Army training organisation. Subsequently, Minister for the Armed Forces announced the appointment of the Adult Learning Inspectorate (ALI) to provide independent inspection and oversight of MoD training on an annual basis commencing with a survey of the care and welfare provision. Additionally, Minister for the Armed Forces appointed Nicholas Blake QC to review the circumstances surrounding the deaths of four soldiers at Princess Royal Barracks, Deepcut.

The Surrey Police Report prompted the House of Commons Defence Select Committee (HCDC) to undertake its own inquiry into Duty of Care. The findings were published in March 2005. Evidence to the committee included comment on the work undertaken by MoD to date. The HCDC took account of progress against the three internal audits undertaken by the Director of Operational Capability (DOC) and evidence from the ALI. In March 04 the ALI published its report: 'Safer Training: Managing risks to the Welfare of Recruits in the British Armed Services'.

Moving Forward

The reports of the Surrey Police, HCDC, DOC and ALI acknowledge the progress made in modernising initial training, whilst noting the need for further improvements. The vision is for initial training to be conducted in an environment that fosters recruits' development as individuals within a regime where responsibility for their welfare is accepted at all levels; where there is greater focus on analysis, management and mitigation of risks to recruits; and where training is structured to promote learning from experience, the sharing of good practice and continuous improvement.

The roles of the Commanding Officer and the Instructors are critical to the successful management and welfare of recruits. An important aspect of the improvement programme is the increased emphasis on the selection of personnel to work in the training environment and to improve the support provided to them through better training and development opportunities. To that end, a major work-strand, led by the Defence Centre for Training Support[1], is underway to scope the competency requirements for the training roles and the development needs for instructors. Overall, twenty one work-streams are being progressed to address the issues raised in the DOC, HCDC and ALI reports.

Military training is, of necessity, challenging and robust. Initial training takes teenagers from everyday life and, in a matter of a few months, needs to turn them into Service men and women with the skills to operate and survive in the harshest environment that they may find themselves; the modern, high tempo battlefield. The initial training regime will remain focused on this over-riding requirement, whilst emphasising the need to ensure that appropriate behaviour is exercised at the right time, whether in the barracks, on peace-keeping duties or on high intensity operations.

The key to ensuring that progress is sustained will be to closely monitor the work-strands, share good practice and analyse the impact of the changes. The challenge for the Department is to embed the changes and transform the initial training environment. In so doing, we will not seek to lessen the robust nature of training but rather concentrate effort into ensuring that the culture, policy and processes are aligned. The continuing partnership between the MoD and the ALI, which includes a continuing programme of evaluations, gives transparency to the Department's commitment to improve.

[1]The Defence Centre for Training Support is part of the Directorate General Training and Education organisation.

TRAINING

Objective: Invest in our people and forces to ensure they can succeed.

Public Service Agreement Target (SR2002 MoD Target 7)

Increase value for money by making improvements in the efficiency and effectiveness of the key processes for delivering military capability:

- Reduce the per capita cost of successfully training a military recruit by an average of 6% by April 2006.

Performance Measures and Assessment

Reduce the per capita cost of successfully training a military recruit by an average of 6% by April 2006:

- **Due to 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. It is unlikely that this target would have been achieved.**

Basic Skills – New entrants below National Level 2 to be screened and assessed:

- **All new entrants below National Level 2 screened and assessed. Common system for initial assessment planned to be implemented from April 2006.**

Basic Skills – Royal Navy/ Royal Air Force: Improvement of 50% of new entrants below National Level 2 basic skills by one level within one year of entry;

- **95% of RN Ratings undertake an apprenticeship scheme including key skills at National Levels 1 and 2.**
- **Only a small proportion of RAF entrants are below National Level 2 in numeracy and literacy. The majority of those with Basic Skills weaknesses undertake an apprenticeship which includes Key Skills.**

Basic Skills – Army: All new entrants below National Level 2 basic skills to achieve National Level 1 within 3 years of entry:

- **Plans are in place to meet targets with an initial assessment of basic skills ability now undertaken at recruiting offices and a network of tutors in place. We are on course to achieve target by March 2007.**

Information and Communications Technology Fundamental Skills (ICT FS): All new entrants and existing personnel without appropriate competence in ICT FS to be in appropriate training scheme:

- **RN (including RM) – over 95% of recruits undertook ICT FS training;**
- **RAF – over 95% of recruits undertook ICT FS training;**
- **Army – about 30% of recruits undertook ICT FS training;**
- **ICT FS training available to existing personnel.**

Achievement of funded Collective Training programme and Joint Performance within Defence Exercise Programme.

- **About 80% of Joint Performance exercises completed. Reviews of operational performance highlighted weaknesses attributable to shortfalls in training.**

Civilian Training.

- **Certificates developed in Resource Management and Human Resources;**
- **Continuing development of single coherent skills framework;**
- **Launch of People Portal to provide comprehensive information to staff on specialist advice and tools available, and opportunities to develop new skills.**

STRUCTURE OF THE SERVICE TRAINING PROCESS

187. In order to meet their complex training commitments, the Armed Forces use a combination of individual and collective (or team) training. The structure of this training is described in the essay on page 94. Performance targets and achievements are set out in the paragraphs below.

SERVICE INDIVIDUAL TRAINING

Basic Skills – Literacy and Numeracy

188. The Services continued to develop their Basic Skills training so that all service personnel achieve a minimum standard of literacy and numeracy. New recruits undergo education screening to assess their abilities against National Levels. The RN and RAF met their target of improvement of 50% of new entrants below National Level 2 basic skills by one level within one year of entry. 95% of RN Ratings undertake an apprenticeship scheme including key skills at National Levels 1 and 2. Only a small proportion of RAF entrants were below National Level 2 in numeracy and literacy and the majority of those with Basic Skills weaknesses undertake an apprenticeship which includes Key Skills. The Army aims for all new entrants below National Level 2 basic skills to achieve National Level 1 within 3 years of entry. Initial assessment of basic skills ability is undertaken at recruiting offices and a network of tutors is in place, but it is not yet possible to track performance owing to shortfalls in the capture of basic skills data and tracking of learner progress. In line with the recommendations in the Adult Learning Inspectorate (ALI) *Safer Training* Report the Armed Services are working to produce a coherent approach to the assessment and provision of Basic Skills Training. A revised MoD Basic Skills Policy is expected to be endorsed in November 2005 with a view to implementation from Spring 2006.

189. The Defence Adult Basic Skills Implementation Group was established in March 2005. This is a cross-Government group involving the Department for Education and Skills, the Cabinet Office, the Basic Skills Agency, the Armed Services and the Defence Civil Service. It will support the review, development and implementation of Basic Skills policy in order to ensure effective and efficient activities to improve the Basic Skills of personnel across MoD, including the review of specific Basic Skills performance targets across the Services and the sharing of best practice.

Basic Skills – Information and Communication Technology Fundamental Skills

190. Service personnel need training in Information and Communication Technology Fundamental Skills (ICT FS) to be effective in the modern networked battlespace. The goal is that all new entrants and existing personnel without appropriate competence in ICT FS should undertake an appropriate training scheme. In 2004-05 over 95% of RN and Royal Marine recruits, 30% of Army recruits and over 95% of RAF recruits undertook ICT FS training. Training is also available for existing personnel. The training provided is being revised to produce a better match of training to need and take into account other changes, such as the Network Enabled Capability training strategy and developments in technology and external qualifications.

Common Military Skills

191. In order to spread best practice and to ensure high quality and consistency across the Armed Services, new training policies are being developed for Common Military Skills (CMS) training subjects. These are subjects that are common to two or more of the Services and require initial and continuation training for the majority of personnel, regardless of their career specialisation. Some, such as Weapons Handling, Fitness, Chemical Biological Radiological and Nuclear Defence, the Law of Armed Conflict and First Aid are fundamental to collective training and are also required by individuals before deploying on operations. In other areas Service personnel have mandatory training to counter identified security threats, promote equality and diversity and to address problems posed by substance misuse. While CMS policies are being implemented across all Service Training, as part of the training rationalisation process, the priority has been to harmonise the CMS training delivered in Defence Training Establishments. Currently, CMS policies have been endorsed on health and safety, physical development (which includes physical education and adventurous training and sport), and security. Future policies will include stress management, core values and standards and military ethos.

Assault course training

Specialist Training

192. The Defence Language Training Policy was issued in February 2004, leading to further development of a language incentives package for trained linguists. Following initial development it was agreed in April 2005 to start a trial of the new incentives package on three key languages over the next three years. Individual Pre-Deployment Training is being updated and standardised in line with operational theatre requirements, and a Defence-wide Media Operations Training policy is being drafted. Further Information on other Service training initiatives is provided in the Future Manpower section on page 116.

Efficiency

193. Because of the organisational changes associated with the rationalisation of specialist training described in paragraphs 259-260 under Future Manpower, it is no longer possible to measure per capita cost of successfully training a military recruit on the basis used in the 2002 Spending Review Public Service Agreement efficiency target. In assessing overall performance against this target, achievement against this element has accordingly been estimated as zero. However, pressures on input costs, in particular the implementation of recommendations made by the Director of Operational Capability (see the essay on Duty of Care in Initial Training on page 88), and reductions in the throughput of trainees following reductions in the required size of the Armed Forces, made it unlikely that this target would have been achieved.

SERVICE COLLECTIVE TRAINING

194. Operational commitments meant that not all forces were able to achieve optimum training standards. Coupled with tight budgets this led to the cancellation of some 20% of collective exercises during 2004-05 (compared with some 40% cancelled in 2003-04). Army collective training was most affected, reflecting difficulties caused by truncated training time and the pressures of the BOWMAN conversion programme.

Royal Marines set off for a 7km night ski at sunset

195. Reviews of operational performance, and particularly operational lessons from Op TELIC, highlighted areas for improvement attributable to shortfalls in training in certain key areas. All-Arms Urban Warfare was a specific concern, and some aspects of Joint Operations, particularly Air-Land integration, also require attention. The value of tactical and operational level Expeditionary Exercises was also emphasised. To ensure UK forces can operate more effectively in the Combined and Joint environment essential for future operations integrated All-Arms and Joint Training is needed. A number of key initiatives have been undertaken to improve Maritime/ Air/ Land interoperability. A policy paper (Joint Collective Training and Exercise Policy) was released in May 2005 as part of a wider initiative towards better definition of the joint capability requirement. This paper helped inform the Project HOBART initiative which reported in July 2005 on present and future capability gaps in Joint Warfare Development, Collective Training and Mission Preparation. Together with the emerging requirements for the NATO Reaction Force and the EU Battle Groups this contributed to the development of the Future Joint Training Strategy to be implemented on completion of Project HOBART.

JOINT CIVILIAN – MILITARY TRAINING

Defence Academy

196. The Defence Academy is responsible for higher education and training for the three Armed Services and the Ministry of Defence Civil Service. Its main components are the Royal College of Defence Studies, the Joint Services Command and Staff College and the Defence College of Management and Technology. The latter was formed during the year from the Royal Military College of Science, the Defence Leadership and Management Centre and Defence Business Learning, and a consortium led by Cranfield University was selected as Preferred Bidder for the College's academic partner after July 2006. The Colleges delivered professional training and education at postgraduate level in partnership with Kings College London and Cranfield University. The Academy also ran the Defence Technical Undergraduate Scheme, to be expanded to five universities in 2005-06, and the Defence Sixth Form College, which opened in its new building in September 2005. The Advanced Research and Assessment Group worked to inform Academy teaching and support MoD policy development. The Academy continued to work closely with the National School of Government (previously the Civil Service College) on developing national management and leadership education and training. During the year Serco was contracted to develop and manage all Academy accommodation and facilities at Shrivenham in addition to the Joint Services Command and Staff College.

Acquisition Leadership Development Scheme

197. The Acquisition Leadership Development Scheme continued to develop. Its membership expanded by 150 to 680 civilian, military and industry staff by the end of the year, of whom 317 were alumni members. All Acquisition Leadership Development Scheme leadership courses are now provided by the Defence Academy. A membership survey conducted in December 2004 revealed a 93% level of satisfaction with the scheme.

CIVILIAN TRAINING

198. The Department has worked hard to improve the professionalism of its people, including reviewing the skills and knowledge required for Corporate Service functions and developing internal certificates in Resource Management and Human Resources to ensure that staff working in these areas have the right skills for the work, regardless of formal professional qualifications. Civil Service reform has encouraged further professionalism and much of our effort this year has concentrated on preparing the ground for implementation of the Government's Professional Skills for Government (PSG) initiative. Details will not be finalised by the Cabinet Office before the Autumn, but we know it will affect the way we look at our skills agenda, and advise our staff on priorities for their development and career options. While our detailed implementation plans are largely still work in progress, the essay on page 119 provides more detail on our developing plans to embed PSG in MoD processes.

199. Following development of a framework of business management skills, work was taken forward during the year to merge that framework, the MoD core competences and the PSG core competencies into one coherent arrangement that also embraces functional competences frameworks. Work also proceeded during the year to develop a methodology to determine the skills needed for posts, and to record the skills of individuals. The Department's skills network will be strengthened by the introduction of Skills Champions with a strategic overview of their functional and professional groups and to provide the main link with corporate stakeholders on skills issues across their area.

200. In respect of individual development, the launch of the People Portal on the Defence Intranet hosted on the new Defence Information Infrastructure (DII) enabled us for the first time centrally to support all our people with comprehensive information on the advice and tools available to them, and with opportunities to learn and develop new skills and knowledge. This advice is also available by other means for those who do not yet have access to DII. It includes a range of self-assessment tools to help staff assess their core and functional development needs and gain a better understanding of their skills and learning styles.

Civilian Training Initiatives

201. We made good progress with raising the profile of the 'Skills for Life' Agenda and are currently undertaking a corporate sample of literacy and numeracy skills to benchmark the Department. A similar strategy for ICT skills will follow. We have taken part in the pathfinder Foundation Degree for Government. A two-year pilot course of ten students started in January 2005. We will closely evaluate the results to decide the feasibility of further participation. We continue to offer advanced Craft and Technician Apprenticeships in a range of trades across Land, Sea and Air systems. Non-engineering apprenticeships and National Vocational Qualifications are also available in a range of subjects. We continue to support staff in a number of Departmental management development schemes (such as MIDIT and the Band B development scheme), in personal development schemes (such as Druidstone and New Horizons) and in pursuit of professional qualifications.

FURTHER SOURCES OF INFORMATION

202. Additional information on Training is available from the following sources:

- quarterly PSA reports to HM Treasury at www.mod.uk;
- MoD Policy Paper no. 6 *Individual Training and Education in the Armed Forces;*
- House of Commons Defence Committee Report *Duty of Care* Third Report of Session 2004-05 HC 63;
- *The Government's response to the House of Commons Defence Committee's third report of session 2004-05, on Duty of Care* Cm6620;
- *Safer Training, Managing Risks to the Welfare of Recruits in the British Armed Services*' March 2005;
- Joint Collective Training and Exercise Policy dated May 2005;
- Defence Academy Annual Report 2004-05 (to be published in January 2006);
- Naval Recruiting and Training Agency *Annual Report and Accounts 2004-05;*
- Army Training and Recruiting Agency *Annual Report and Accounts 2004-05*;
- RAF Training Group Defence Agency *Annual Report and Accounts 2004-05;*
- Defence Medical Education and Training Agency *Annual Report and Accounts 2004-05*.

Essay – Structure of Service Training

In order to meet a complex training commitment, the Armed Forces use a combination of individual and collective (or team) training. Initial training focuses on providing the core single-Service competences to give recruits a sense of their own Service's ethos as well as the confidence to function in the operational environment.

Phase 1 Training is the initial training in basic military skills and the inculcation of single-Service ethos required by all personnel. Trainees spend, on average, 12 weeks in Phase 1 Training. Whilst there are some differences in the delivery of the Phase 1 Training determined by the particular environment in which each Service operates, there are many common elements, which are key to assisting the transition from civilian to Service life.

Phase 2 Training is the initial specialist training, which gives Service personnel the necessary skills for their first employment. On completion of Phase 2, which normally follows on directly from Phase 1, Servicemen and women join the trained strength of their Service and are employed in their chosen skill area. The time spent in Phase 2 Training varies from a few weeks to over a year for highly technical training. Whilst there is no universal template for Phase 2 Training, some common threads exist across all courses. These include teaching of essential elements of academic knowledge, together with practical skills that the trainee will need to employ in his or her front-line employment. Additionally, Phase 2 Training recognises the newness of the recruits and continues to build their military skills and knowledge and to reinforce the ethos of the Service they have joined.

Phase 3 Training develops the skills of Service personnel for further employment and greater responsibility throughout their career. It increases their skill base, meets career aspirations, through both training and education, and aids professional and personal development. The training ranges from short courses dealing with specific aspects of leadership and management through to extended periods learning how to operate and maintain highly complex and specialist equipment. As with Phase 2, the time spent on Phase 3 training varies.

Collective Training is aimed at improving the ability of teams, units or formations to function as a cohesive entity to enhance operational capability. This training is usually conducted under the auspices of the Front-Line Commands and its emphasis is on developing team performance. Examples of such training are: RN Operational Sea Training conducted by the Flag Officer Sea Training and Army Combined Arms Battle Group training in Canada. More complex collective training includes joint exercises conducted on either a national or multi-national basis.

Service Individual Training and Education Process

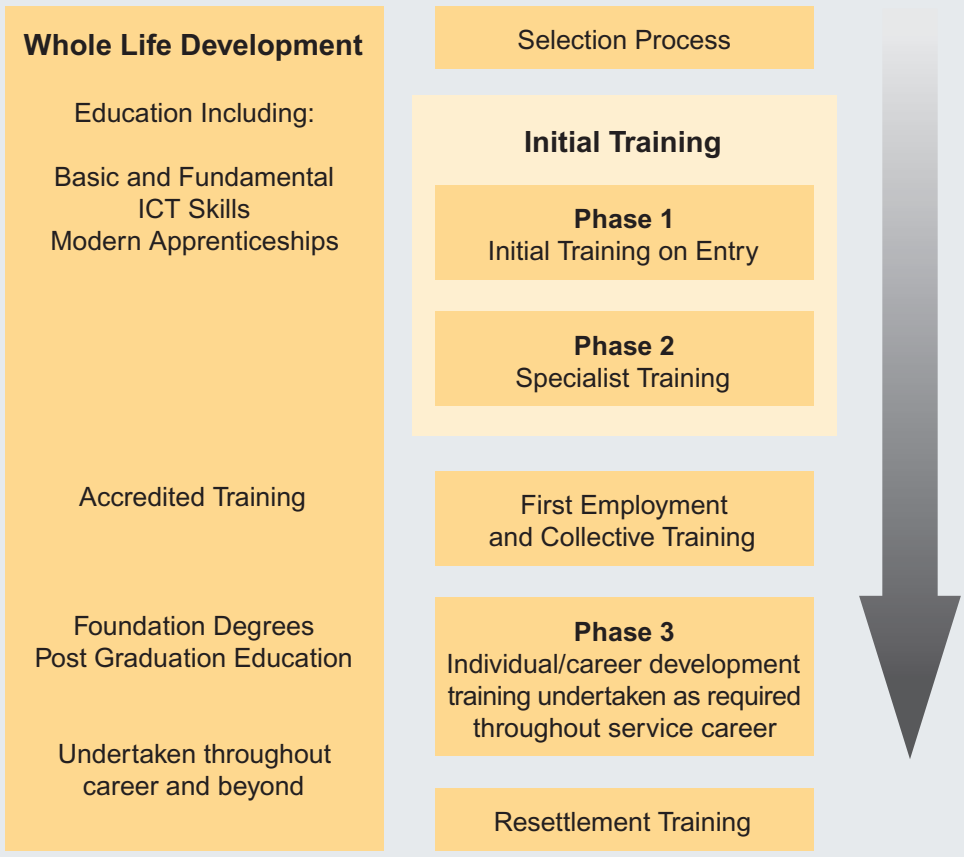

Figure 11 Service Individual Training and Education

LOGISTICS

Objective: Support and sustain our Armed Forces as required.

Public Service Agreement Target (SR2002 MoD Target 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 will be made each year from 2002-03 to 2005-06, including through a 20%[1] output efficiency gain (relative to April 2000) in the Defence Logistics Organisation:

- Reduce by 14% (relative to planned expenditure in 2002-03) the output costs of the Defence Logistics Organisation by April 2006, while maintaining support to the Front Line.

Performance Measures and Assessment

DLO delivery to TLBs of 98% of level of logistic support agreed in Customer Service Agreements:

- **95% of logistic support outputs delivered (93.4% 2003-04).**

Deliver Logistics efficiency savings:

- **Over £400M[2] of savings in DLO operating costs have been delivered during the year;**
- **DLO costs reduced by 4.2% in 2004-05 (3.5% 2003-04). As at 31 March 2005 11% cumulative savings achieved against target of 10% cumulative savings towards 14% reduction in output costs by April 2006;**
- **New DLO corporate structure implemented, saving about 700 posts;**
- **Formation of a Joint DLO/DPA Technical Enabling Service, Accounting Operations Centre and Acquisition Safety and Environment Support Group;**
- **Implementation of single DLO/DPA project review and assurance process.**

Achieve £20M cash receipts from sale of surplus equipment:

- **£21.6M cash receipts achieved.**

[1]Relative to April 2000 (1999-2000 outturn). Performance thus includes efficiency achieved in 2000-01 and 2001-02.
[2]Subject to validation

Logistic Support

203. The Defence Logistics Organisation (DLO) exists to provide front line support to the British Armed Forces. In essence, the DLO is responsible for keeping the Services equipped and ready to act, in war or peace. This support includes preparing our forces for operations, deploying, sustaining and recovering them, and then helping them to return to the required degree of readiness.The DLO works closely with the Front Line Commands, the Defence Procurement Agency and other parts of MoD. It successfully continued throughout the year to meet the demanding operational logistic requirements of the front line while taking forward a wide ranging programme to improve further how MoD and industry provide logistic support.

IN-YEAR DELIVERY OF LOGISTIC SUPPORT

Performance against Customer Supplier Agreements

204. The level of support provided by the Defence Logistics Organisation to the Armed Forces is agreed through Customer Supplier Agreements (CSAs) between the Chief of Defence Logistics and each of the other Top Level Budget holders. CSAs define, within the resources allocated, the logistic outputs to be provided by the Chief of Defence Logistics to support the Commanders-in-Chief and other Top Level Budget Holders in their delivery of military capability at the levels specified in their own Service Delivery Agreements. In 2004-05 the DLO achieved the agreed service levels for delivery of 95% of its logistic support outputs, against a target of 98%. This represented a small improvement on 94.3% in 2003-04. This shortfall against agreed support delivery levels was driven by shortfalls in only a few areas, in particular:

- poor component reliability and time consuming maintenance schedules for Merlin Mk1 Helicopters;
- slippage in the completion of submarine upkeep and repair periods;
- difficulties in procuring spares for our ageing fleet of Royal Fleet Auxiliary ships;
- problems with equipment and software integration on survey ships; and
- shortage of spares for C130J Hercules transport aircraft.

Supporting Operations

205. The DLO maintained its focus on logistic support to operations, overcoming a wide range of challenges. Operational roulements of Force Elements, equipment enhancements and upgrades, and the deployment of the Extremely High Readiness and Very High Readiness Reserves to Operation TELIC during the Iraqi elections all placed considerable demands on our Strategic Lift capability. The Defence Transport and Movements Agency, the DLO Operations Centre and other areas of the DLO also supported a number of other deployments during the year often under extremely taut timelines. The deployment of RAF GR7 Harrier aircraft to Afghanistan was successfully achieved and subsequent efficiencies realised without degradation of operational effectiveness. The separate deployments of the Spearhead Lead Element to assist in evacuation of civilians in Cote d'Ivoire (see paragraph 19), and to Kosovo during a period of heightened tension, were also fully supported. Donations of Operational Ration Packs were lifted into Sudan. Available aircraft were used flexibly in the Caribbean to respond to Counter-Narcotics activities and post-Hurricane IVAN humanitarian support. The tsunami in South Asia produced an immediate and enormous support effort that showed the positive approach of the whole defence logistics community to support operations.

[2]Subject to validation

206. Despite these continuing logistic successes, we have to continue to improve to meet the goals set out in Defence Strategic Guidance. Throughout the year potential shortfalls in sustainability were highlighted (that is the ability of a force to maintain the necessary level of combat power for the time needed to achieve its objectives). These have been partly addressed for near-term operational priorities, demonstrating our commitment to delivering the logistic support our front line forces need. We are developing improved methods to set logistic sustainability requirements, together with risk management arrangements to improve our understanding of the total logistic requirement to support operations, how best to achieve this, and enable assessment of operational capability and affordability shortfalls.

207. Our ability to recuperate forces to pre-Op TELIC levels has inevitably been limited by the priority to support continuing operational requirements. We are working better to define what logistic recuperation requires in order to allow earlier and better assessment of its implications in terms of operational capability and costs, and to ensure that we continue to be able to meet the demands of providing logistic support to concurrent operations.

IMPROVING LOGISTIC EFFECTIVENESS AND EFFICIENCY

Defence Logistics Transformation

208. Delivering effective logistics support for operations is a key enabler to the conduct of modern, expeditionary warfare undertaken by the UK Armed Forces. The Defence Logistics Transformation Programme (DLTP) aims to provide better logistics support to the Armed Forces through improved military effectiveness while producing efficiency savings that can be re-invested in current and future capabilities as set out in the July 2004 Future Capabilities Command Paper. The programme was launched on 1 April 2004, bringing together all logistics change and efficiency programmes and projects including the End-to-End Logistics Review and the Defence Logistics Organisation Change Programme. The key outcomes of the DLTP include simplified, lean processes with demand for logistics driven by the operational users and the elimination of waste; improving readiness and availability of equipment; reducing repair times and equipment holdings; and improving the performance of the supply chain.

209. In 2004-05, the programme of logistics transformation delivered savings in the DLO's operating costs of over £400M[2]. This was a considerable achievement. The DLO's output costs have now cumulatively reduced by over 11% (relative to planned expenditure in 2002-03) against a cumulative target of 10% by April 2005 towards the SR2002 Public Service Agreement target of 14% by April 2006.

210. There were many specific examples of improved logistics delivery in 2004-05. At RAF Marham the introduction of 'Lean' engineering and support principles in the Tornado Propulsion Facility in partnership with Rolls-Royce produced cost savings of £88M over 4 years, with the Pilot contract saving £9M in the first year. This reflected rationalisation from two propulsion facilities, at RAF Lossiemouth and RAF Marham, to one new 'Lean' facility, halving the RAF manpower needed, doubling output, and reducing the number of repairs returned to industry by nearly half. At the Royal Navy Air Stations of Yeovilton and Culdrose implementation of Lean principles removed the need for new buildings and reduced manpower gapping, thereby generating savings of £22.5M through improved effectiveness and stores support.

Tornado Propulsion Facility at RAF Marham

211. At ABRO, the successful transformation of the base overhaul of Warrior armoured fighting vehicles returned over 40 additional Warriors to the field Army. These lessons are now being applied to the Combat Vehicle Reconnaissance (Tracked) (CVR(T)) family of vehicles, producing a reduction in base overhauls from 135 in 2004 to 85 in 2005 and reducing the number of vehicles in the repair loop from 84 to 64. Lean techniques reduced CVR(T) turnaround time from 71 to 63 days. The net effect has been to increase the number of vehicles available to support operations.

212. The performance of the Op TELIC Supply Chain was significantly improved. By introducing new processes and measuring and reporting supply chain performance in-theatre, items that had previously taken 4-7 days to be delivered were delivered within 24 hours. This early work has led to the formulation of revised processes and delivery targets, which have been broadened right across the defence supply chain and into other operational theatres. In the Balkans a review of transportation requirements and arrangements produced savings in the order of £500k a year. The Defence Storage and Distribution Agency (DSDA) is now reducing routine delivery time in the UK and North West Europe from an average of 30 days to 7 days.

213. The Whole Fleet Management Programme is introducing a modern fleet management system across all Services. This has already reduced the Army fleet by almost 2,000 vehicles. Trials of vehicle storage in centralised Controlled Humidity Environments and of Battery Conditioning Technology, have saved over 1,500 labour days per annum in maintenance and service. The rollout of the first Joint Asset Management & Engineering System is now underway, with an initial operating capability expected by 31 October 2005.

Whole Fleet Management in action

DLO Restructuring

214. The DLO completed Phase 1 of its Restructuring programme in 2004-05. This established the DLO's new corporate structure, realising around 700 post savings and reducing the cost of corporate support substantially. It has transformed the delivery of corporate support by dismantling the previous structure of 5 individual High Level Budget areas, including the headquarters, and establishing a single corporate approach. At the same time the Integrated Project Teams and other units delivering output to the DLO's customers were organised into clusters to provide effective and coherent management of a technology supplier or customer base. A radically different organisational structure has now been created based upon three Layers – a Delivery Layer, supported by an Enabling Layer of corporate support services and directed by a very small Strategic Layer. A new performance management regime has been created to drive performance across the organisation. For the first time the performance of the Enabling Services will be measured against standards set out in internal business agreements. These changes provide the basis for Phase 2 of the Restructuring programme, aimed at delivering significant effectiveness and efficiency benefits over the next two years.

DLO Strategic Plan

215. On 1 April 2004, the DLO published an update to its Strategic Plan. This set out six Critical Success Factors which were identified as the priority for DLO to drive its transformation. A number of Pathfinder Integrated Project Teams were chosen to lead the transformation breakthrough. These teams were chosen because together they represented many of the challenges that the DLO faced and their learning and experience was shared with others to drive the transformation. A key achievement during the year was the establishment of a programme to implement Output based performance management across the DLO. Full implementation is planned by April 2006. Significant savings opportunities through Procurement Reform were also identified.

DLO STAKEHOLDERS

Front Line Commands

216. To ensure that the Front Line Commands have a single focal point for all the outputs supplied to the DLO's four principal customers, the DLO introduced specific Domain 2-Stars as part of its corporate restructuring. These individuals are focused on delivering what the Front Line needs and provide a single point of accountability for all DLO outputs. This approach has helped the DLO to focus on improving its delivery of integrated capabilities that better meet customers' needs. In parallel each Front Line Command formed intelligent customer cells. Continuing development of this important liaison is improving the understanding and resolution of support issues.

Defence Procurement Agency

217. It is the intention to collocate the DLO Board with the DPA Executive Board at the earliest opportunity. Study work is proceeding to assess when and how this might be achieved. Work also progressed to bring together DLO and DPA enabling and support groups to establish single points of provision of key supporting functions. This included the formation of a Joint Technical Enabling Service, a Joint Accounting Operations Centre and a Joint Acquisition Safety and Environment Support Group. To improve consistency and spread best practice a single process was implemented across the DLO and DPA to review and assure progress on projects. Its three elements are:

- regular project reviews, where current performance of a project is reviewed against a common set of performance indicators;
- Key Stage Peer Review, a formal independent review of a project at a key stage in its evolution, usually in advance of a major decision point; and
- Functional Assurance, to provide independent assurance of processes by functional experts.

Industry

218. We are always working to improve how we work together with industry to mutual benefit. One example of the benefit this can bring is the £137M Contractor Logistic Support contract with Rolls-Royce Power Engineering Plc for Olympus and Tyne gas turbine engines used on the Royal Navy's Carriers, Type 22 and Type 42 warships. These engines are also used by the Belgian, French and Royal Netherlands Navies, and under the contract Rolls-Royce will also provide support to their ships. The contract covers provision of a complete support package for the engines until they go out of service in about 12 years. It will help sustain jobs at Rolls-Royce facilities at Bristol and Coventry and will save some £14M over conventional support arrangements.

EQUIPMENT DISPOSALS

219. The Disposal Services Agency had a successful year in which it achieved £21.6M in gross cash receipts against a target of £20M. Major disposals included the sale of T56-15 Engines; Off Shore Patrol Vessels; Stingray; MkII Depth Charge; Tank Transporters and Vehicles. Together with estates disposals of £211.6M, this produced a total Departmental figure for the year of £233.2M.

FURTHER SOURCES OF INFORMATION

220. Additional information on Logistics is available from the following sources:

- quarterly PSA reports to HM Treasury at www.mod.uk;
- UK Defence Statistics 2005;
- DLO Strategic Plan;
- ABRO Annual Report and Accounts 2004-05;
- Defence Aviation Repair Agency Annual Report and Accounts 2004-05;
- Warship Support Agency Annual Report and Accounts 2004-05;
- Defence Communication Services Agency Annual Report and Accounts 2004-05;
- Defence Storage and Distribution Agency Annual Report and Accounts 2004-05;
- Defence Transport and Movements Agency Annual Report and Accounts 2004-05;
- Medical Supplies Agency Annual Report and Accounts 2004-05;
- Disposal Services Agency Annual Report and Accounts 2004-05.

EQUIPMENT

Objective: Deliver equipment of the right quality, on time and within cost.

Public Service Agreement Targets (SR2002 MoD Targets 6 and 7)

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:

- On average, in-year slippage of equipment in-service dates of fewer than 10 days for new major projects, to be attained during 2004-05;
- On average, in-year slippage of equipment in-service dates of fewer than 4 weeks for existing major projects, to be attained during 2004-05;
- 97% of customers' key requirements attained during 2004-05;
- On average, no real terms increase in major project costs (measured against project approval levels as set out in the Major Projects Report), to be attained during 2004-05.

Increase value for money by making improvements in the efficiency and effectiveness of the key processes for delivering military capability:

- Achieve 0% average annual cost growth (or better) against the Major Equipment Procurement Projects (measured against estimated project costs at the beginning of the year).

Performance Measures and Assessment

Delivery of at least 85% of planned in-year asset deliveries, by value:

- **100% of planned in-year assets delivered.**

97% of customers' key requirements met:

- **99% of customers' key requirements met (98.8% 2003-04).**

On average no increase in major project costs measured against approvals and against estimated project costs at the beginning of the year:

- **3.2% average decrease in costs measured against approvals (2.7% average increase 2003-04);**
- **4.6% average decrease in costs measured against estimated cost at beginning of year (3.1% average increase 2003-04).**

In year slippage of major equipment projects of 0.5 months, including fewer than 10 days for new projects and 4 weeks for existing projects:

- **1.6 months average slippage for new projects (2.2 months 2003-04);**
- **3.0 months average slippage for existing projects (2.8 months 2003-04).**

Proportion of Category A, B and C projects within Main Gate 50% confidence approvals for time and for cost:

- **23% of projects within Main Gate 50% confidence approvals for time;**
- **56% of projects within Main Gate 50% confidence approvals for cost.**

Achieve customer satisfaction level of 72%:

- **Overall satisfaction level of 71.9% (70% 2003-04).**

No excess against DPA resource control totals:

- **Outturn within resource control totals.**

Other Measures

- **Launch of DPA Forward performance improvement programme;**
- **Launch of Key Supplier Management initiative;**
- **Introduction of Supplier and Customer Performance Measurement Process;**
- **PFI deals worth £495M signed;**
- **Defence export orders worth over £4.5Bn won by UK industry.**

PROCUREMENT PERFORMANCE

221. The Equipment Programme, which includes projects that harness new technologies and concepts, is rigorously reviewed as part of the MoD's overall planning and programming process. This ensures that we make the best possible use of available resources and provide the UK Armed Forces with the capabilities they need for operations today and in the future. Performance of major equipment projects is set out by capability area in Annex G.

Deliveries and key contracts placed

222. The Defence Procurement Agency (DPA) delivered new equipment valued at £3.6Bn during the year, with 20 new projects formally accepted into service. This represented 100% of the asset value planned for delivery in-year and exceeded a Departmental target of less than 15% variance between planned and actual asset delivery value. The DPA also formally delivered the work relating to Typhoon development, bringing the total value of assets delivered by the Agency during the year to £8.3Bn. Key milestones achieved during the year included:

- acceptance into service by the Royal Navy of HMS Bulwark, the second of a class of two large and versatile amphibious assault ships;
- delivery of the world's most advanced torpedo defence system to the fleet;
- the placing of a contract for a batch of the latest submarine-launched cruise missiles;
- delivery to Land Forces of a range of infantry fighting equipment, including new light machine guns;

Minimi light machine gun

- delivery of the latest night vision equipment to armoured formations;
- the placing of a £1Bn order for a fleet of new trucks and recovery vehicles;
- continued deliveries of Typhoon combat aircraft;
- delivery of the Storm Shadow long-range cruise missile to the RAF;
- the placing of a £4.3Bn contract for production of the second tranche of 89 Typhoon aircraft;
- acceptance into service of the £2.5Bn Skynet 5 Private Finance Initiative satellite communications service;
- acceptance into service by all three Services of advanced Successor Identification Friend or Foe equipment on or ahead of schedule.

HMS Bulwark

Tornado carrying a Storm Shadow stand-off missile

Key Targets

223. Table 19 summarises the DPA's performance against the project management and operating cost targets set out in the DPA Corporate Plan. The DPA met or partially met all of its Key Targets for the first time since the inception of the Agency. Forecasts for all Post Main Gate and Pre-ISD projects valued over £20M, show that they are meeting 99% of customers' key requirements (Key Target 1). The average in-year forecast programme slippage for all projects is 0.9 months (Key Target 2) and the average cost of projects decreased by 2.2% in year (Key Target 3). The DPA nearly met its target for customer satisfaction (Key Target 4), with an overall satisfaction level of 71.9%, but exceeding the Target of 72% for two out of four customer segments. It delivered all of its Efficiency measures (Key Target 5) and the target for Asset Deliveries (Key Target 6). Further details on the DPA's performance can be found in the Major Projects Report, published annually by the National Audit Office, and in the DPA Annual Report and Accounts.

224. The 2002 Spending Review Public Service Agreement targets cover a much narrower range of projects (the 20 largest projects by value of spend remaining) than the DPA's Key Targets. Performance against the PSA Targets is consequently significantly different. In 2004-05 99% of customers' key requirements were met against a target of 97%, there has been a cost reduction of 3.2% measured against approvals at the beginning of the year, and a cost reduction of 4.6% measured against the Value-for-Money target of no increase in major project costs against the estimated costs at the beginning of the year. However, reflecting the continuing difficulty of controlling timescales on some of the older and larger projects, there was 1.6 months average slippage for new projects against a target of 10 days, and 3.0 months average slippage for existing projects against a target of 4 weeks. The Department therefore delivered the targets for cost and performance (in both cases improving on performance in 2003-04), but not those for time (where performance in the round was broadly comparable to 2003-04).

Table 19: Defence Procurement Agency – Key Targets and Achievements

No.	Efficiency	2004-05	2003-04	2002-03
1[1]	Predicted achievement of projects' key requirements	97%	98%	97%
	Met	**99%**	99%	99%
2[1]	Average in-year slippage of in-service dates not to exceed	0.9 months	0.5 months	0.4 months
	Met	**0.9 months**	2.4 months	7.2 months
3[1]	Average cumulative cost variation not to exceed	0%	0%	0%
	Met	**-2.2%**	2.7%	5.4%
4	Customer satisfaction rating	72%	74%	70%
	Partially met	**71.9%**	70%	72%
5[2]	i) Asset Turnover Ratio (months)	<70 months	N/A	N/A
	Met	**59 months**		
	ii) Assets delivered per £ of Operating Costs	>£10.7	N/A	N/A
	Met	**£14.4**		
	iii) Assets produced per £ of Operating Costs	>£16.2		
	Met	**£19.1**		
6[3]	Asset Delivery achievement (percentage by value of planned asset deliveries)	85%	N/A	N/A
	Met	**100%**	N/A	N/A

Notes:
(1) Covered all equipment projects in the development and manufacture phase included in the Major Projects Report until 31/3/04. From 2004-05 covers all projects over £20M that have passed their main investment decision point, but not yet achieved ISD at the start of the financial year.
(2) A new set of measures was introduced for Key Target 5 for 2004-05 onwards.
(3) A new Key Target introduced for 2004-05 onwards.

225. In May 2005 the National Audit Office published a report examining the way we manage procurement programmes, comparing our performance to similar projects in the private sector/commercial environment and setting a 'Gold Standard' for effective project control. It found a number of areas where we meet its 'Gold Standard', particularly in the use of project charters, measuring and developing client-contractor relationships, the use of baseline reviews, agreed change management mechanisms and the Project Review and Assurance process. Projects singled out for praise included the procurement of TITAN and TROJAN armoured engineer vehicles and the HMS Illustrious aircraft carrier re-fit, both of which provided good examples of 'Gold Standard' practice. The NAO made a number of recommendations for improvement. We are developing an action plan to implement them.

Urgent Operational Requirements

226. Urgent Operational Requirements provide additional capability requirements for specific operations. The process aims to provide speedy and flexible procurement of capabilities using a streamlined version of the Department's normal procurement procedures. As such they are an important part of today's operations. Over 550 UORs have been procured to support operations in Afghanistan and Op TELIC. The House of Commons Public Accounts Committee 26th Report *Ministry of Defence: the rapid procurement of capability to support operations* (published 30 June 2005) examined how successfully the Department procures UORs. The PAC report draws a number of conclusions, including that many of the UORs to support operations in Iraq were successfully developed and introduced into service in very short time-scales and that, under the pressure of conflict, the Department and its industrial partners have shown considerable resourcefulness in coming up with good solutions to address urgent shortfalls in capability. The PAC report concludes with recommendations about how we can further improve the smooth and effective procurement of UORs, tracking cost and timely delivery and use. We continue to look for ways to improve UOR management and delivery, and are working with the National Audit Office to develop a framework of processes supporting further improvements.

ACQUISITION REFORM

227. Improving acquisition performance continues to be a high priority for the Department and a number of important initiatives are underway in the main components of the MoD acquisition community. To ensure this work is fully co-ordinated across the Department as a whole, and that it delivers the required results, in 2004 we established a new Ministerially-chaired Acquisition Policy Board (APB), replacing a number of extant senior groups dealing with various aspects of acquisition and industrial policy business. As well as driving acquisition improvement the APB also provides direction to the Department's work on Defence Industrial Policy and Strategy. A key concern of the APB is that the improvements in acquisition processes that are already in hand must be accompanied by changes in organisational culture and by enhanced delivery skills if they are to achieve the required results. It has put its weight behind work to address both these issues.

228. We have also recently introduced improvements to the process of approving investment in individual projects. These improvements are intended to ensure that projects are only put forward to the Department's Investment Approvals Board when they have achieved a sufficient level of maturity to demonstrate with a high degree of assurance that they can be delivered within the proposed performance, cost, and time envelope. When considering Main Gate submissions, the Board now seek clear evidence of project maturity – including evidence that there has been an appropriate expenditure of resource on de-risking – across a range of parameters.

DPA Forward

229. Within this broader context, and following the review of the implementation of Smart Acquisition in the DPA that he instigated last year, the Chief of Defence Procurement launched a major performance improvement programme, DPA Forward, in October 2004. This aims is to help the Agency deliver projects more consistently in accordance with Smart Acquisition principles and ensure that equipment is routinely delivered to time, cost and performance targets. DPA Forward is a single coherent programme focused on strengthening Performance, People, Processes and Projects by re-invigorating the application of Smart Acquisition principles through the improvement of current processes and the development of new ones. Further changes during the year included the introduction of a Project Review Process, the introduction of Development Partners to strengthen the skills of the DPA workforce, greater joint working with the Defence Logistics Organisation (see paragraph 217), the roll out of a Corporate Management Information System, and the development and implementation of a Key Supplier Management process.

Key Supplier Management and Improved Performance Measurement

230. The Key Supplier Management initiative aims to establish effective strategic relationships with companies in the defence sector which play a major part in meeting defence requirements. Specific senior defence staff are responsible for leading the

dialogue with each Key Supplier and meet with them on a regular basis to develop mutual understanding, to discuss longer-term strategies, and to identify means of improving performance on both sides. These senior officers are supported at working level by a number of Key Supplier Engagement Managers who are developing the relationship with the Key Suppliers on a day to day basis. Alongside this, a Supplier and Customer Performance Measurement Process was introduced on 1 April 2004, applying to all DPA and DLO contracts worth more than £5M (or more than £100K for consultancy contracts). This measures suppliers' performance in terms of quality, cost, time, communications and management, and Integrated Project Team performance in terms of the quality and clarity of their documentation, communication and management. At a strategic level the output from this new process will be used to drive mutual performance improvements.

PRIVATE FINANCE INITIATIVE

231. The Private Finance Initiative (PFI) remains an important delivery tool in the provision of innovative and efficient services for defence. We remain committed to involve the private sector, where appropriate, and to use PFI wherever this delivers best value for money and does not compromise operational effectiveness. This has included support to the frontline from the Joint Rapid Reaction Forces Strategic Sealift (Roll-on Roll-off ferries) and the Heavy Equipment Transporter PFIs. We signed three more deals in 2004-05 with a capital value of £495M (see Table 20), bringing total private sector capital investment through PFI to over £4.3Bn. Further details on signed PFI transactions are provided in note 22 to the Departmental Resource Accounts in Section 2 on page 177. We have a robust and diverse forward PFI programme (see Table 21) with an estimated capital value of approximately £4Bn to £6Bn.

Table 20: PFI Deals Signed in 2004-05

Project Name	Estimated Capital Value (£M)[1]
Devonport Support Services (Armada)	45
MOD-wide Water and Waste Water (Project AQUATRINE – packages B &C See paragraph 164 for further details)	450

(1) Based on private sector capital investment where known (or otherwise the capital value of the Public Sector Comparator).

Table 21: Major PFI Projects in Procurement or Under Construction, as at 31 March 2005

Project Name
Allenby/Connaught[1]
C Vehicles[2]
Combined Aerial Target System
Corsham Development Project
Future Provision of Marine Services
Future Strategic Tanker Aircraft
Northwood Public Private Partnership
Portsmouth 2
RAF Brize Norton Service Family Accommodation
Royal School of Military Engineering
Defence Training Review
UK Military Flying Training System

Notes:
(1) Redevelopment of barracks in Aldershot and Salisbury Plain areas, and long-term provision of associated support services.
(2) Earthmoving and Specialist Plant, Engineer Contractors and Materials Handling services.

DEFENCE EXPORTS

232. Through the Defence Export Services Organisation, the MoD has continued to give strong support to legitimate defence exports. Companies greatly value this service. In 2004, UK industry won defence orders worth over £4.5Bn, including the sale of Hawk aircraft to India, Pinzgauer Vehicles to New Zealand, 105mm Light Guns to Thailand and a share in NATO's Military Satellite Communication System. In what remains an intensely competitive world market, this was a major achievement for our defence industry, maintaining the UK as Europe's most successful defence exporter, and in global terms, second only to the United States.

FURTHER SOURCES OF INFORMATION

233. Additional information on Equipment is available from the following sources:

- quarterly PSA reports to HM Treasury at www.mod.uk;
- UK Defence Statistics 2005;
- Defence Procurement Agency Corporate Plan 2004;
- Defence Procurement Agency Corporate Plan 2005;
- Defence Procurement Agency Annual Report and Accounts 2004-05;
- NAO *Major Projects Report 2004*, published 10/11/2004, HC 1159-I 2003-2004; ISBN: 0102930481;
- NAO Report: *The Rapid Procurement of Capability to Support Operations* Publication date: 19/11/2004 HC 1161 2003-2004; ISBN: 0102930589;
- The House of Commons Public Accounts Committee 26th Report Ministry of Defence: the rapid procurement of capability to support operations HC 70 published 30 June 2005;
- NAO Report: *Driving the Successful Delivery of Major Defence Projects: Effective Project Control is a Key Factor in Successful Projects*, published 19 May 2005, HC 30 2005-2006, ISBN: 0102932611;
- House of Commons Defence Committee Report *Defence Procurement* Sixth Report HC 572-i & ii published 28 July 2004;
- The Government's response to the House of Commons Defence Committee's sixth report of session 2003-04 on Defence Procurement. Cm 6338 published 11 October 2004;
- House of Commons Public Accounts Committee Report 'Ministry of Defence: Major Projects Report 2003' Forty Third Report HC 383 published on 21 October 2004;
- 'Ministry of Defence: *Major Projects Report 2003'* Cm 6416;
- House of Commons Public Accounts Committee Report 'Ministry of Defence: Battlefield Helicopters' Eighth Report HC 386 published on 18 March 2005;
- United Kingdom Strategic Export Controls Annual Report 2004.

Essay – Quality of our Equipment

While procurement issues feature highly in the public and media interest, it is very rarely mentioned that our Armed Forces have some of the most advanced war fighting equipment available in the world today. Large increases in capability have been achieved in the last few years, substantially improving the effectiveness of our forces. These new capabilities have provided the right equipment for the challenges and operations we are likely to face now and in the future.

For example, compare the equipment available to troops on operations today, to what was available only a few years ago. The lease of four C17 aircraft has vastly increased the RAF's strategic lift capability. The aircraft is capable of lifting five times the weight of cargo compared to a C130, and is able to transport it in less than two thirds of the time. In Iraq, troops are now accommodated in new Temporary Deployable Accommodation, which provides UK Armed Forces personnel with a comfortable air conditioned environment, and is the envy of other Armed Forces. New equipment available to operational infantry units, such as Underslung Grenade Launcher, Light Machine Gun, and the Head Mounted Night Vision System, has greatly enhanced the capability of the dismounted infantry soldier. An infantry section on operations today has double the firepower of a section pre-2003 and has a much improved ability to conduct close quarter night fighting. The Personal Role Radio introduces new capability and is extremely popular amongst UK Forces. Weighing just 1.5kg, the new UHF radio allows short range tactical communication within sections, and has a battery life of 24 hrs on 2 AA batteries. The deployment to Iraq of a core BOWMAN capability with 12 Mechanised Brigade has enabled high quality secure communications and GPS positional awareness, increasing their effectiveness. The MAMBA weapon locating radar has proved highly effective in locating firing positions and trajectories of incoming mortars, guns and rockets; its impressive performance is being singled out for praise by troops in post-operational reports. MAMBA introduces an important new force protection capability, is highly mobile, amphibious, and can be transported by helicopter or C130 aircraft. The new Battle Group Thermal Imaging system being fitted to Warrior and Scimitar enhances these vehicles' night operating capability, giving them a significant tactical advantage over less well equipped hostile forces and will hugely improve battlegroup effectiveness.

These improvements are not confined to land equipment. The Merlin Mk3 helicopter, which has been used in both the Balkans and Iraq, increases flexibility due to its ability to self-deploy, its long range and endurance and its ability to act as an airborne command post. Storm Shadow, first used during Operation TELIC, enables high precision stand-off attack of hardened targets, a totally new capability for the RAF, and arguably more advanced than any similar in-service missile in the world. The Typhoon multi-role combat aircraft introduces real capability improvement, and offers significant advantages in manoeuvrability and reliability when compared to existing aircraft.

The Surface Ship Torpedo Defence System, which entered service with the Royal Navy in 2005, is a world class system of torpedo detection and countermeasures. The system is able to inform commanders of RN ships when they are under attack, and will tell them how to manoeuvre the ship and engage off-board countermeasures to negate the threat. The system introduces additional capability over existing equipment, such as a detection and classification process which enables commanders to take balanced and timely decisions, and is targeted to defeat modern intelligent torpedoes. HMS Bulwark was accepted into service in December, and is one of the most technologically advanced warships to join the fleet, with the most sophisticated battlefield command system ever installed in a Royal Navy warship. HMS Bulwark is the second of and completes a class of new amphibious ships, which represent a huge step forward in modernising amphibious operations and will be a pivotal element of UK expeditionary warfare for the next thirty years.

Overall, the introduction of new capability over the last few years has allowed the UK Armed Forces to deploy more rapidly, operate more effectively and flexibly, and at a higher operational tempo, with increased firepower, more effective communications, and enhanced force protection than they were even as recently as five years ago.

Soldier with a 40mm Grenade Launcher equipped SA80