



MINISTRY OF DEFENCE

MOD Public Service Agreement

Spring Performance Report

2007-2008



Introduction

This report shows current performance against the 2004 Spending Review Public Service Agreement Targets (April 2005 to March 2008).

SR2004 Public Service Agreements

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

MOD Public Service Agreement 2005-06 to 2007-08

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

1. Achieve the objectives established by ministers for operations and military tasks in which the United Kingdom's Armed Forces are involved, including those providing support to our civil communities.

On course with some risk

2. By 2008, deliver improved effectiveness of UK and international support for conflict prevention by addressing long-term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, Balkans and the Middle East. (Joint target with Foreign and Commonwealth Office and Department for International Development)

Partly Met

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

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

Will not be met

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

(Joint target with Foreign and Commonwealth Office)

On Course

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

Likely only to be partly met

Objective III: Build for the future.

6. Deliver the equipment programme to cost and time.

Likely only to be partly met

Efficiency

Building on the existing change programme and as part of Spending Review 2004, the Ministry of Defence agreed to achieve total annual efficiency gains of at least £2.8 billion by 2007-08, of which three quarters will be cash releasing.

On Course

OBJECTIVE I: Achieve success in the military tasks we undertake at home and abroad.

Target 1

Achieve the objectives established by Ministers for Operations and Military Tasks in which the United Kingdom's Armed Forces are involved, including those providing support to our civil communities.

Overall Assessment ON COURSE, WITH SOME RISK

We continued to make progress towards achievement of the military strategic objectives underpinning the UK's current operations and military tasks, including a secure environment and security sector reform in Iraq and Afghanistan. In particular, the transfer of Basra Province to Provincial Iraqi Control in December 2007 represented successful achievement of the military objective of bringing the Iraqi authorities and security forces to the point where they could take over the running of that part of their country. Considerable challenges remain, not least the continuing task of overcoming significant armed opposition in Afghanistan, but the Taliban suffered substantial losses during 2007, being defeated tactically in every major engagement. Delivery of operational success has only been possible through continuing to operate above the level of concurrent operations, set out in the December 2003 White Paper, which our force structures assume. In prioritising objectives our overriding concern is operational success. Achieving this has required taking greater risk against other objectives, particularly readiness for contingent operations (PSA Target 3) and achievement of single Service harmony guidelines (PSA Target 5).

From October to December 2007 UK Armed Forces:

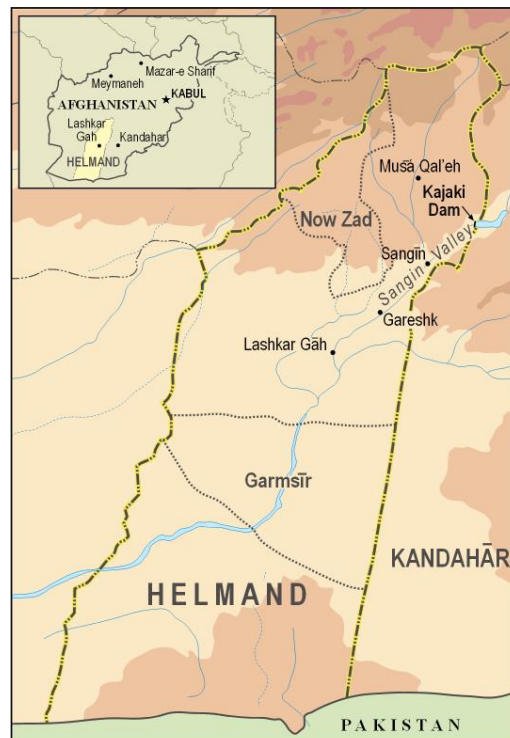
- transferred Basra Province to Provincial Iraqi control (PIC) following assessment by the Government of Iraq and the coalition that conditions in Basra Province are right and Iraqi Security Forces (ISF) were ready over responsibility for security. This was the last of the four Multi-National Division (South East) provinces in southern Iraq to be transferred. British forces continued their mentoring and training work with the ISF and particularly with the newly formed 14th Division Iraqi Army, which assumed the Iraqi lead for Basra from 10th Division Iraqi Army. 10th Division in turn took on the lead role in the three other southern provinces. In Basra City, 14th Division proved able to deal effectively and efficiently with isolated incidences of violence in the run up to PIC. British Army personnel also worked alongside UK Civilian Police and International Police Advisors in southern Iraq to complete their programme of training local recruits in police skills and tactics, handing over recruit training at the Basra Training Centre to the Iraqis, some of whom have qualified as instructors themselves.



After the handover of Basra province, UK forces moved into an 'overwatch' role and continued to train, mentor and provide support to the ISF. They also supported economic regeneration and reconstruction efforts. Royal Navy frigates maintained the sovereignty

and integrity of Iraqi territorial waters, including through the defence of the two offshore oil platforms which ensure Iraq's oil flows to world markets – essential to the country's economic growth and stabilisation. Some 7,000 regular and reserve forces personnel were deployed in the Gulf region on or in support of Operation TELIC, with the number based in southern Iraq falling from around 5,000 to around 4,500 by the end of 2007;

- continued to support the NATO-led International Security Assistance Force (ISAF) in Afghanistan in its efforts to extend the elected Afghan Government's authority within the country and establish the security conditions for improved governance, reconstruction and development. Afghan forces, in conjunction with the ISAF successfully retook the town of Musa Qaleh, in Helmand province of southern Afghanistan and large numbers of people have since returned to their homes. The Taliban suffered substantial losses during 2007, being defeated tactically in every major engagement, and continued ISAF pressure has disrupted Taliban command and control capability. British Forces also trained and provided specialist advice to the Afghan National Army (ANA), which continued to progress well. 50,000 of a total projected strength of 80,000 are fielded or in training, and the ANA conducted its first independent operation in Helmand during the quarter. Afghan National Police (ANP) progress is slower, but the Focused District Development Plan, which should assist ANP development, began during the quarter. UK Forces also contributed to projects to help Afghanistan build for the future, including building a school, the first to operate in Sangin for a number of years. They also worked closely with Non-Governmental Organisations on other projects such as building roads, hospitals and water towers, demonstrating NATO's commitment to rebuilding Afghanistan. In early October the first Reaper Unmanned Aerial Vehicle arrived in Afghanistan, giving all troops on operations a better picture of activity on the ground. The number of UK personnel in theatre contributing to these goals remained at some 7,800 over the period;
- continued to deploy around 180 Service personnel in support of peace in the Balkans (160 in Kosovo, plus some 60 Ministry of Defence Police, and 20 personnel in Sarajevo in the Headquarters and the Peace Support Operations Training Centre);
- provided some 300 personnel for UN operations in Cyprus (some 275 personnel), the Democratic Republic of Congo, Georgia, Liberia, Sierra Leone, Sudan and Nepal;
- met continuing standing commitments¹, with forces based in Cyprus (some 2,700 personnel), the Falkland Islands and Ascension Island (some 1,300 personnel), Gibraltar (some 600 personnel) and Diego Garcia (some 40 personnel);
- contributed to the NATO standing naval presence in the Atlantic and Mediterranean;
- maintained the UK's independent nuclear deterrent; and continued to protect UK airspace and waters and provide support to the civil authorities for search and rescue, fishery protection, bomb disposal and counter-drugs activities.

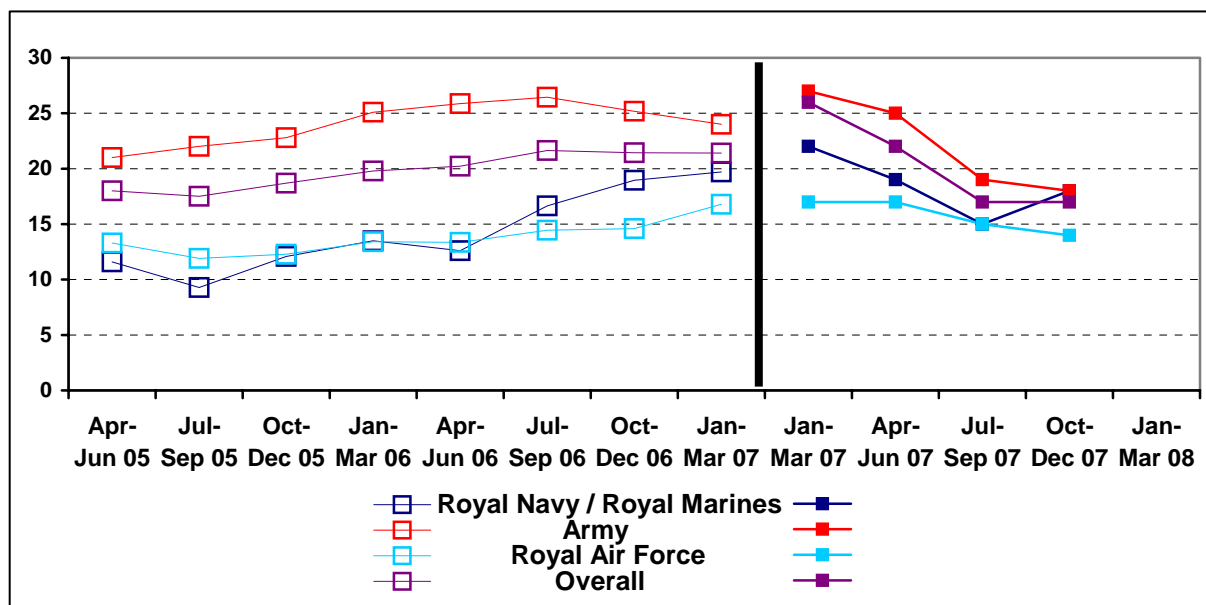


Base map derived from Ordnance Geographic Centre series OS25586 Helmand Province Edition 14. Maps produced are not to be taken as necessarily representing the views of the UK Government on boundaries or political status. © Crown copyright 2007

¹ Northern Ireland figures not reported as it is no longer an overseas commitment.

Activity Levels

Between 1 October and 31 December 2007, 18% of the Royal Navy (15% in the previous quarter), 18% of the Army (19% in the previous quarter) and 14% of the RAF (15% in the previous quarter) were deployed on Operations and undertaking Military Tasks. The increase in Royal Navy activity levels reflects the deployment of 40 Commando to Afghanistan in September 2007 as part of 52 Brigade. In total, some 17% of regular forces (measured as man-day equivalents for each service) were deployed on Operations and undertaking Military Task (17% in the previous quarter).



Percentage of the Armed Forces undertaking Operations and Military Tasks

From 1 April 2007 measurement of the level of commitment of the Armed Forces to Operations and undertaking Military Tasks across all three Services was brought onto a fully consistent basis, and the reporting baseline changed from total strength to trained strength. In order to provide comparability with prior reporting the figure above therefore presents data for January to March 2007 on both the prior and revised basis.

A detailed breakdown of the proportion of the Armed Force deployed on contingent operations and undertaking military tasks during 2007-08 is below.

	Deployed on Contingent Operations			Undertaking Military Tasks		
	Apr-Jun 07	Jul-Sep 07	Oct-Nov 07	Apr-Jun 07	Jul-Sep 07	Oct-Nov 07
Royal Navy	4%	4%	6%	15%	11%	12%
Army	17%	12%	11%	8%	7%	7%
Royal Air Force	9%	7%	7%	8%	8%	7%
Overall	13%	9%	9%	9%	8%	8%

Target 2
















Improve effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict, where the UK can make a significant contribution. (Joint target with DfID and FCO).

Overall Assessment
PARTLY MET


Overall Performance

This represents the final assessment of performance against this target. Overall it has been partly met, with two of twelve sub-targets achieved, nine partly achieved and one not met:

- The UK government met the sub-targets on Sierra Leone and on increasing the number of effective peacekeepers. Sierra Leone now has a democratically elected, stable government; professional, accountable security services with which we continue to work to ensure sustainability; and an effective National Electoral Commission. The target on peacekeepers was met during 2006-07 and peacekeeping personnel deployed to UN-led missions have seen a further 5% increase during 2007-08;
- Eight of the remaining sub-targets were partly met. Iraq has made encouraging progress over the last year, with improved security; some political progress including new legislation; and improvements in Iraq's relations with neighbouring states. The Afghan National Army (ANA) led a successful operation to clear Taliban from Musa Qaleh, allowing the Afghan Government to begin to provide stabilisation and governance. British Forces continued to train and provide specialist advice to the ANA, which is making good progress; 50,000 of a total projected strength of 80,000 are now deployed. In Sudan, progress against the Comprehensive Peace Agreement is on course for national elections by July 2009. The Democratic Republic of Congo (DRC) government is making credible efforts to resolve conflict politically and the UK has contributed to a successful disarmament, demobilisation, repatriation, reinstallation and reinsertion programme. Recent successes in Nigeria include anti-money laundering investigations and projects to foster inter-religious understanding in the north. The countries of the Balkans remain at peace. And Nepal has continued to make progress towards the restoration of democracy with elections set to take place in April 2008;
- The target on the Middle East Peace Process was not met. Israel continued military operations in Hamas-controlled Gaza. Rocket and mortar attacks from Gaza continue and the first suicide bombing for a year took place on 4 February 2007. However, the UK government continues to work to improve the Palestinian economy, support the Palestinian Authority, develop the Palestinian security services and work with the international community and NGOs. The Sudan sub-target was partly met, but Darfur was not included when the target was set in 2004. If it is included, the sub-target would not have been met since progress to resolve the Darfur conflict is still limited.

A – Afghanistan		E – Middle East		I – Sudan	
B – Balkans		F – Nepal		J – UN Peacekeeping	
C – DRC		G – Nigeria		K – UN Peacekeeping	
D – Iraq		H – Sierra Leone		L – African Peacekeeping	
KEY					
Achieved		Partly Achieved		Not Met	

Under the new Public Service Agreement for 2008–11 we will build on our work over 2005–08 to reduce the impact of conflict in Afghanistan, Iraq, the Balkans, the Middle East, Sierra Leone, DRC, Nigeria and Sudan, and to build more effective international institutions, including the UN and AU



Nearly 15,000 UK Armed Forces personnel continued to be deployed on or in support of stabilisation operations in Iraq and Afghanistan. Following the withdrawal of the UK battlegroup from Bosnia-Herzegovina at the end of March 2007, some 200 British service personnel and 60 Ministry of Defence Police continued to be deployed in Bosnia and Kosovo to help maintain peace in the Balkans. The additional cost of these operations in 2006-07 was £956M for Iraq, £738M for Afghanistan and £57M for the Balkans. Parliament has voted provision for 2007-08 of £1,648M for operations in Iraq, £1,649M for operations in Afghanistan and £31M for the Balkans. The Armed Forces also continued to provide some 300 personnel for UN operations in Cyprus, the Democratic Republic of Congo, Georgia, Liberia, Sierra Leone, Sudan and Nepal.

A. Afghanistan

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

Partly met. Good progress was made overall in 2007-08, building on activities in the previous two years. The UK government focused on building effective state institutions and better governance, through funding of over £100M. Progress on these in the south has been limited by ongoing insurgency and limited Government of Afghanistan capacity. The Afghan National Army (ANA) led a successful operation to clear the Taliban from Musa Qala, allowing the Afghan government to begin to provide stabilisation and governance. British Forces continued to train and provide specialist advice to the ANA, which is making good progress; 50,000 of a total projected strength of 80,000 are now deployed. Efforts to address the under-performance of the Afghan National Police continue and the UK contributes to the European Union Police Mission. UK government-funded activities aimed at further strengthening the rule of law, including counter-narcotics, and building public confidence have focused on mentoring and training.

B. Balkans

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

Partly met. The countries of the Balkans remain at peace, though inter-ethnic tensions persist. Kosovo declared independence on 17 February 2008. While the overall situation is stable, there have been violent incidents in the (Serb-majority) north. Serbia's improved co-operation with the Tribunal for the Former Yugoslavia had led to the initialling of its EU Stabilisation and Association Agreement (SAA), though recent attacks against Embassies in Belgrade and statements condoning violence are concerning. Macedonia made renewed reform progress while Montenegro concluded its EU SAA. Bosnia inched towards police reform, allowing initialling of its EU SAA, though underlying inter-ethnic tensions continue to block further movement on police reform. The UK government has continued to support the Western Balkans' Euro-Atlantic integration, and has been particularly active on resolving Kosovo's final status. UK government programmes focus on government capacity and accountability; on security and justice sector reform; on refugee and internally displaced person returns; and on assisting minority communities and inclusive economic growth.

C. Democratic Republic of Congo (DRC)

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

Partly met. With support from the UK government, the DRC government is making credible efforts to resolve conflict politically. DRC and Rwanda are co-operating to dismantle the Democratic Forces for the Liberation of Rwanda militia. However, fighting has occurred in eastern DRC between the armed forces, rebel soldiers and other illegal militias, resulting in extensive civilian displacement. The UK government is contributing substantially to work to stabilise the Kivus and a successful disarmament, demobilisation, repatriation, reinstallation and reinsertion programme has largely pacified Ituri district. The UK government has called for action on impunity and justice for victims of abuses by the armed forces.

D. Iraq

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

Partly met. Overall, security improved in Iraq in 2007-08. The US 'surge', combined with the tribal awakening and the growing capabilities and confidence of the Iraqi Security Forces, saw real gains. These were reflected in the transfer of security responsibility in six provinces, including Maysan and Basra. All four provinces in the south-east have now transferred. Serious challenges remain in Basra, but the authorities have shown they are able to maintain security and initiate key reforms. Although there were setbacks in 2007, including the withdrawal of Sunni parties from government, there has been some political progress in late 2007 and early 2008. The Council of Representatives has passed legislation on amnesty for detainees, provincial powers and de-ba'athification. The Executive Council, a small group of senior politicians representing the key political groups, provides a forum for reaching agreement on key decisions. Iraq's relations with neighbouring states are improving from a low base, with regular meetings of the Neighbours Group. Both the EU and the UN have shown signs over the last year of engaging more positively with Iraq.

E. Middle East Peace Process (MEPP)

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

Not met. Under the guidance of the United States, following the Annapolis meeting, the two sides have started bilateral talks. But challenges on the ground threaten to disrupt the political process. Israel continued military operations in Hamas-controlled Gaza and incursions into area A in the West Bank. Rocket and mortar attacks from Gaza continue and the first suicide bombing for a year took place on 4 February 2007. The UK has tried to ensure that the international community's approach is balanced and positive, maintaining a focus on improving the Palestinian economy and supporting the Palestinian Authority (PA). The UK continues to encourage the political process, supporting leadership by the US. In June 2007 the UK government resumed direct support to the PA, providing £31M bilaterally to the Palestinians in 2007-08 and contributing to the Palestinian treasury through a European Union mechanism. Project work with Israeli and Palestinian civil society continues to focus on peace promotion through encouraging policy change. The UK government is also providing funding for: an NGO-managed project which has moved the route of the separation barrier closer to the green line; a project which aims to tackle planning problems for Palestinian villages in Israeli-controlled areas; and a project looking at systematic failures in due process in the Israeli military courts. The UK government continues to encourage sustainable security sector reform in the West Bank through providing technical expertise to the US Security Coordinator's team. This includes the deployment of a British Support Team based in Ramallah that can liaise directly with the PA.

F. Nepal

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

Partly met. Nepal has continued to make progress towards the restoration of democracy though elections to a Constituent Assembly have twice been postponed. Following a recent agreement between the government and groups representing the Madhes, elections are set to take place in April 2008. Working with the government, political parties, the UN and international partners, the UK has helped to co-ordinate efforts to move the peace process forward towards a lasting peace including through a significant development assistance programme. Through the UN, we were able to secure an extension to the United Nations Mission in Nepal's mandate to July 2008.

G. Nigeria

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

Partly met. Politically-motivated crime levels have not increased, though political tensions continue over the outcome of the April 2007 presidential election. Anti-corruption and the Delta remain UK government priorities in Nigeria. Recent successes include anti-money laundering investigations and engagement with communities in the Delta on governance and stakeholder participation. Also successful have been projects to foster inter-religious understanding in the north. However, the Delta continues to be unstable with bouts of urban violence in Port Harcourt, though the Joint Task Force recently intervened to stop an outbreak of gang violence. Inter-communal fighting between Christian and Muslim communities in the north is becoming more regular.

H. Sierra Leone


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

Met. Sierra Leone has a democratically elected, stable government following elections in August/September 2007. The elections were judged free and fair, although 7% of polling stations were disqualified due to greater than 100% voter turnout. The security services performed well and the elections were largely peaceful despite some evidence of the use of former combatants to intimidate opposing parties. The UK government's intense political lobbying and substantial assistance helped to ensure the professionalism and accountability of the security services and the effective performance of the National Electoral Commission. It also made effective voter education and a nation-wide local electoral observer network possible. The UK government continues to provide a large amount of technical assistance to help increase the sustainability of the security sector.

I. Sudan

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

North/South: Partly met. Progress against the Comprehensive Peace Agreement (CPA) is on course for national elections by July 2009. Most regular army units have redeployed in line with CPA; some irregular groups have not. Progress on Joint Integrated Units of northern and southern Sudanese forces remains slow but the UK is leading work to improve their operational effectiveness. The National Congress Party and the Sudanese People's Liberation Movement have not agreed an administration in the disputed area of Abyei, nor demarcation of the north-south border. Commissions in the north and south have adopted a national strategy for disarmament, demobilisation and reintegration but they have not agreed how to co-operate in the transitional areas or when to start demobilisation. A draft white paper sets out a framework for transformation of the Sudanese People's Liberation Army. Community security is limited in the south and more effort is needed on reconciliation processes.



Darfur: *Not met.* The PSA indicator for Sudan was drawn up before the conflict in Darfur, but we have nevertheless made a separate assessment. Progress to resolve the conflict is still limited: a UN-AU peacekeeping force (UNAMID) has been agreed but will not deploy fully until the end of 2008. The UK led efforts to establish the Darfur Community Peace and Stability Fund designed to promote peace at the local level. Violence, largely banditry, is endemic and constraining humanitarian relief efforts. Malnutrition is worsening in internally displaced persons' camps. Fighting between regular forces and irregular militia has flared up in West Darfur in the first quarter of 2008 and across the border in Chad since the end of November 2007. The political process is still stalled because of divisions between groups in Darfur.

J. UN Peacekeeping

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

Partly met. The UK government has worked to maintain momentum on implementation of the Integrated Mission Planning Process (IMPP) through lobbying in New York, the Special Committee on Peacekeeping Operations (C34), and by providing financial support to the Department of Peacekeeping Operations (DPKO). The application of the IMPP has not been systematic. DPKO used IMPP to guide efforts during the initial planning phase for the United Nations-African Union Mission in Darfur, and set up an Integrated Operating Team to ensure IMPP principles were applied. However, the mission did not fully apply IMPP, citing a lack of user-friendly manuals as a key obstacle. UK government officials continue to use the C34 to push for proper utilisation of IMPP.

K. UN Peacekeeping

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

Met. Field-based peacekeeping personnel deployed to UN-led missions have seen a 5% increase during 2007-08. 119 different countries now contribute troops. The UK government, with other donors, provided a range of training to build capacity of existing and potential troop contributing countries and senior mission leaders, which contributed to the overall increase in the number of effective peacekeepers in UN-mandated peace support operations.

L. African Peacekeeping

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

Partly met. UK support has been instrumental in assisting the African Standby Force (ASF) to develop. Training, logistics and rapid deployment are moving forward. However, progress on the ASF remains limited by weak capacity at the African Union and in African regions. Progress on five regional brigades remains uneven. There is new momentum in the Eastern Africa Standby Brigade, with the UK as lead partner, and the Southern African Development Community launched its brigade in August 2007. Much UK effort focuses on the Economic Community of West African States, which remains the most advanced region. The UK government continues to make a major contribution to increasing the number of trained African peacekeeping personnel (over 11,000 trained since 2004) including through UK training teams in Africa.

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

Target 3

Generate forces, which can be deployed, sustained and recovered at the scales of effort required to meet the government's strategic objectives.²

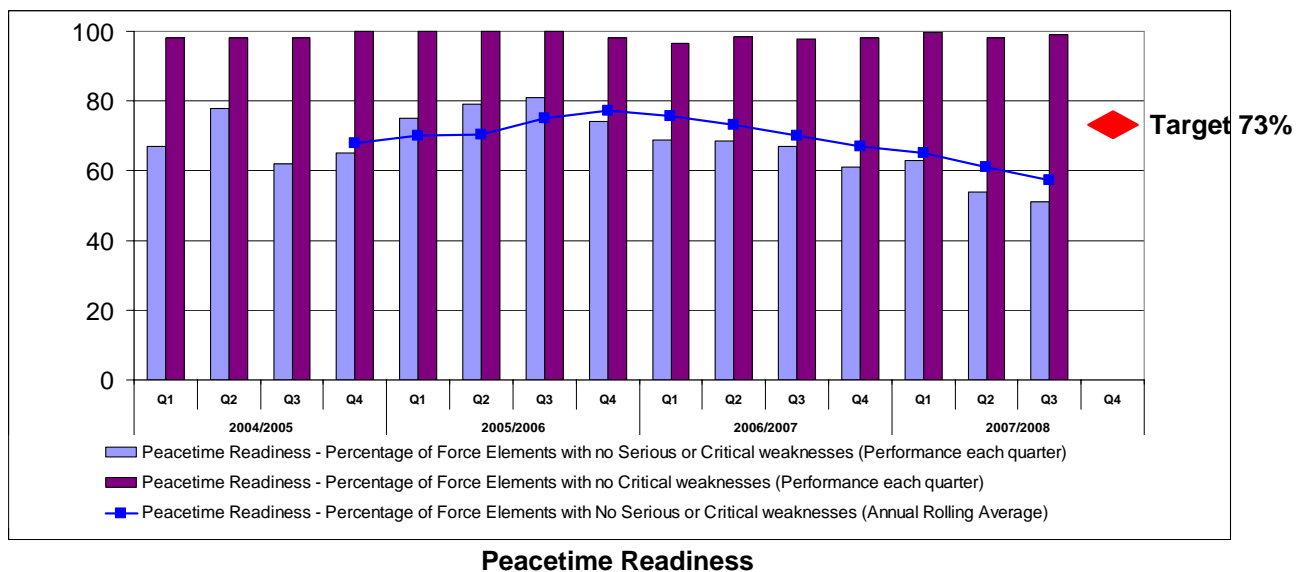
Overall Assessment
WILL NOT BE MET

The Armed Forces' overriding priority is operational success (Target 1). They have been operating at or above the level of concurrent operations they are resourced and structured to deliver for seven of the last eight years, and for every year since 2002. In so doing they have consistently and reliably provided substantial forces at immediate readiness for those operations, deployed them to and sustained them in theatre, and recovered them to their home bases at the end of their tours. In such circumstances the Armed Forces cannot simultaneously be ready for the full range of potential contingent operations provided for in planning assumptions. Given the level of readiness achieved over the last three quarters, it is not now possible to meet this target. The Armed Forces have nevertheless maintained essential standby capabilities, for example for Non-combatant Evacuation Operations such as in Lebanon in July 2006.

Assessment against Performance Indicators

(a) By 2008, ensure more than **73%**³ of force elements show no serious or critical weakness against their required peacetime readiness levels

On average from January to December 2007, 58% of force elements reported no critical or serious weaknesses against their required peacetime readiness levels. The proportion of force elements reporting no critical or serious weaknesses against their peacetime readiness levels has declined from 67% in October-December 2006 to 53% in October-December 2007, although the proportion reporting no critical weaknesses has remained steady at around 98%.

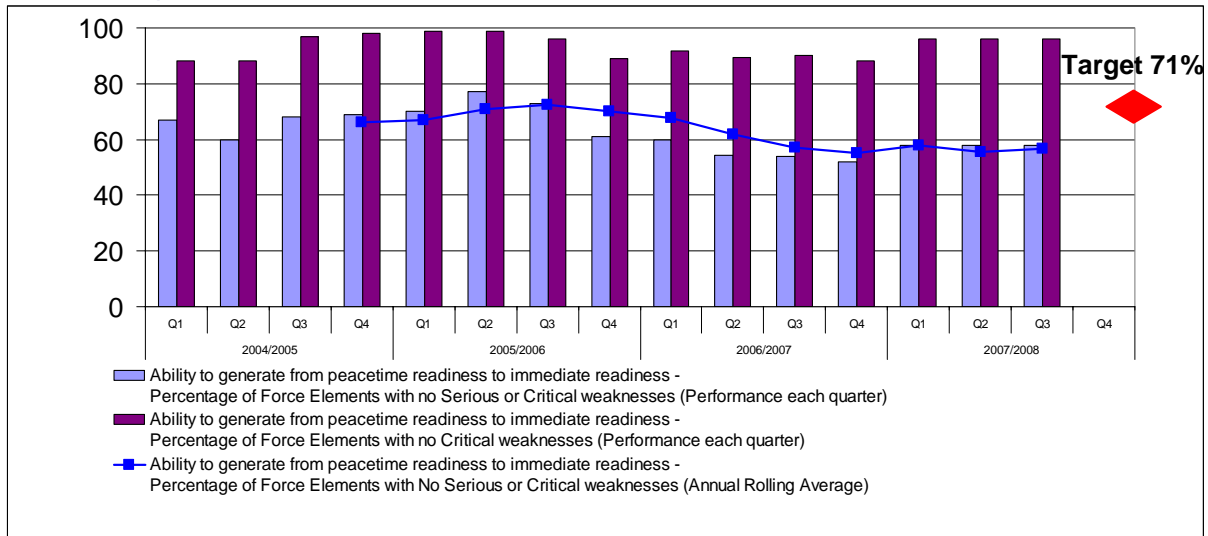


² PSA performance is assessed solely against the target for Peacetime Readiness.

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

(b) By 2008, ensure that more than 71%⁴ of force elements report no serious or critical weaknesses against the ability to generate from peacetime readiness to immediate readiness for deployment on operations.

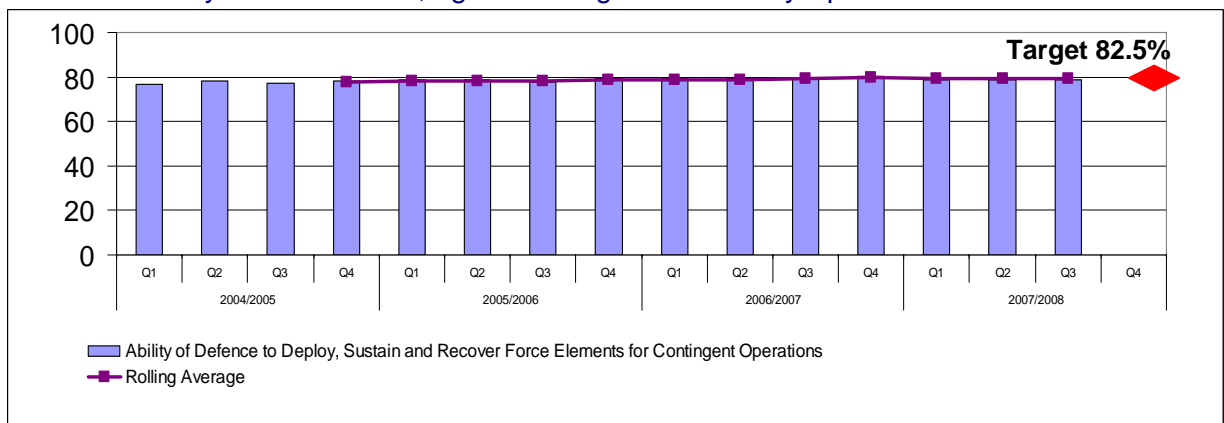
On average from January 2007 to December 2007, 56.5% of force elements reported no critical or serious weaknesses against the ability to generate from peacetime readiness to immediate readiness for deployment on operations. This reflects the pressure on the Armed Forces resulting from operating above Defence Planning Assumptions, and the constraints on conducting collective training over and above that required for current operations until commitments return to the levels within Defence Planning Assumptions. Over the period October to December 2007, 96% of force elements reported no critical weaknesses in their ability to generate from peacetime readiness to immediate readiness and 58% of force elements reported no serious or critical weaknesses.⁵



Assessed ability to generate force elements from peacetime to immediate readiness

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

The assessment is a theoretical summary of the ability to deploy, sustain and recover the Force Elements required to conduct the most demanding contingent deployments set out in planning assumptions, based on a generic operational scenario. Over the year our capability remained steady at around 79%, against a target of 82.5% by April 2008⁴.



Assessed Ability to Deploy, Sustain and Recover Force Elements for Contingent Operations

⁴ This target represents a 5% improvement over the average quarterly performance in 2004-05.

⁵ From 2007-08, full assessment is conducted annually, supplemented by a high level quarterly overview.

Target 4

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

Overall Assessment
ON COURSE

Assessment against Performance Indicators

(a) A more efficient and effective NATO.

The UK continues to play a leading role in the continuing transformation of NATO to make it more efficient and effective, and better able to respond to today's security challenges. The Secretary of State for Defence attended a meeting of NATO Defence Ministers at Noordwijk, in the Netherlands, on 24-25 October, where he pushed the UK-led initiative to improve the deployability of Allies' helicopters on NATO operations and missions. The Secretary of State also led the call for further modernisation of the way NATO does its business: to make it better able to manage complex operations; drive the development of new capabilities; work with its partners in the international community; and communicate what it is doing to the wider public.

The UK continues fully to support the NATO Response Force (NRF), and led the Maritime Component Command for the NRF 9 rotation (July – December 2007). Because of the demands placed on Alliance forces by current operational commitments, NATO Defence Ministers endorsed the need for the development of a graduated approach to building up the NRF based on a smaller, but robust core that will provide the basis on which additional forces can be added as required. This is intended as an interim measure only, and Defence Ministers reaffirmed their full commitment to the NRF concept, and the need for it to be able to perform the full range of its agreed missions.

The UK remains fully committed to NATO's missions in Afghanistan and Kosovo. We continue to provide a Provisional Reconstruction Team in Lashkar Gah in Helmand, supported by a Task Force, and command Regional Command (South) with a Divisional Headquarters in Kandahar. The UK also contributes personnel to NATO's KFOR in Kosovo, and from January-June provides the high-readiness battalion of the Operational Reserve Force.

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

The UK continued to play a leading role in the development of the European Security and Defence Policy (ESDP). We welcomed the launch and deployment of the ESDP mission to Chad and the Central African Republic as a key means of contributing to regional stability and to assist with resolving the Darfur crisis. Although we are not able to make a substantial contribution to the mission, reflecting our heavy commitment to international efforts in Iraq and Afghanistan, we continued to make major contributions to the international community's regional efforts in other ways; in particular through bilateral humanitarian assistance and through support to the African Union (and subsequent joint United Nations/ African Union) mission in Darfur. We also continued to provide around ten staff officers in key Headquarters posts to support the important work of Operation ALTHEA in Bosnia-Herzegovina in making progress towards implementing the remaining military tasks under the Dayton Peace Agreement.

As one of the five national Operation Head Quarters declared as available to the EU for operations, the UK Permanent Joint Headquarters (PJHQ) at Northwood will host and provide technical and administrative support, including trained core staff, for the Nordic Battle Group on standby for the EU Battle Group roster between January and June 2008.

We continue to seek ways to improve EU/NATO relations, both at the operational and political/strategic levels. Given that NATO troops are working alongside EU rule of law and police missions in Kosovo and Afghanistan, we are continuing to press with our Partners and Allies the need to resolve the political difficulties between the two organisations.

(c) Enhanced European defence capabilities.

The UK also continued fully to support the work of the European Defence Agency (EDA) on issues including: the Capability Development Plan, which builds on the work on the Long Term Vision for the EU's capability needs; the capture and comparison of the Strategic Indicators and Targets for participating Member States' investment in defence; and work on the future of the European Defence Technology and Industrial Base.

Alongside other Member State and the EU Military Staff the UK has supported the progress towards the Headline Goal 2010. The Progress Catalogue which details the differences between the EU Requirements and the Force offered, assesses excesses and shortfalls and the military risks of any identified shortfalls, was approved by the EU General Affairs and External Relations Council in November 2007. Work continues to input the shortfalls and risk from the Progress Catalogue into the first strand of the EDA Capability Development Plan, this will allow them to be assessed against future capability trends in order to define the most important enduring capability shortfalls that need to be addressed in the medium to long term. Further work being developed by the Headline Task Force (HTF) to investigate how some of the most immediate capability shortfalls can be managed in the short term. The UK is fully engaged in this work and is actively supporting the EDA in developing the Capability Development Plan, the first actionable conclusions of which will be presented in July.

Target 5

Recruit, train, motivate and retain sufficient military personnel to provide the military capability necessary to meet the Government's strategic objectives.⁶

Overall Assessment
LIKELY ONLY TO BE PARTLY MET

Sustaining operational effort significantly beyond Defence Planning Assumption levels and the challenge of implementing the changes in Service personnel numbers announced in the July 2004 White Paper is making recovery of Manning Balance extremely difficult. We therefore do not now expect the Royal Navy or Army to achieve manning balance by April 2008. The high continuing level of operations is also preventing achievement of personal and unit harmony guidelines in parts of the Army and the Royal Air Force.

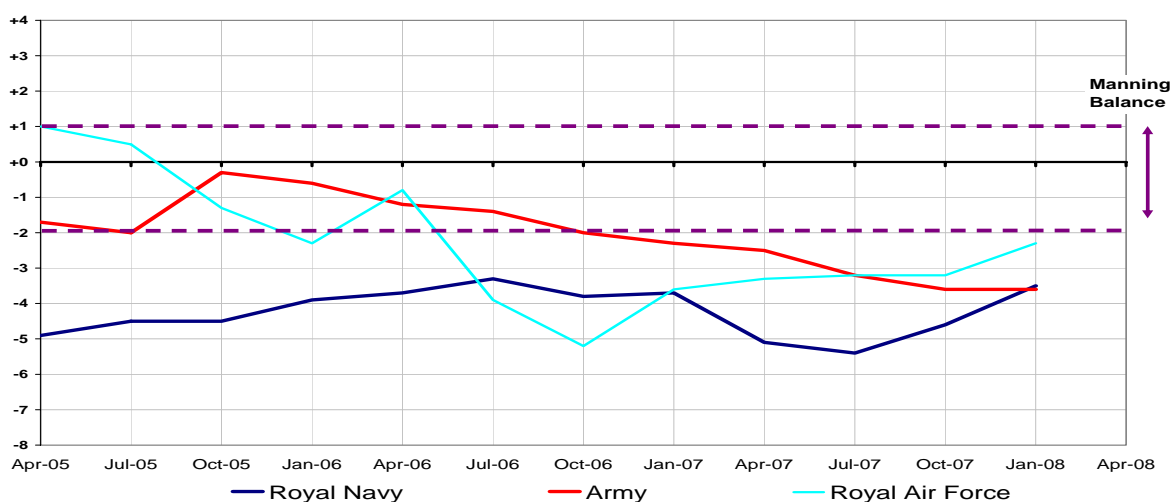
Assessment against Performance Indicators⁷

(a) Manning Balance⁸

As at 1 January 2008:

- Royal Navy⁹ manning was at 96.5%, 1.5% below Manning Balance;
- Army manning was at 96.4%, 1.6% below Manning Balance;
- Royal Air Force manning was at 97.7%, 0.3% below manning balance.

There are continuing shortages within some specialist groups in all three Armed Services.



Service manning surplus/deficit since April 2005

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

	Percentage of end of year target achieved/predicted	
	2006-07	2007-08
Naval Service Officers	110%	89%
Naval Service Other Ranks	79%	96%
Army Officers	95%	90%
Army Soldiers	84%	83%
Royal Air Force Officers	81%	84%
Royal Air Force Airmen	84%	90%

⁶ PSA performance is assessed solely against meeting the Manning Balance target.

⁷ Owing to introduction of a new personnel administration system, data from April 2007 are provisional.

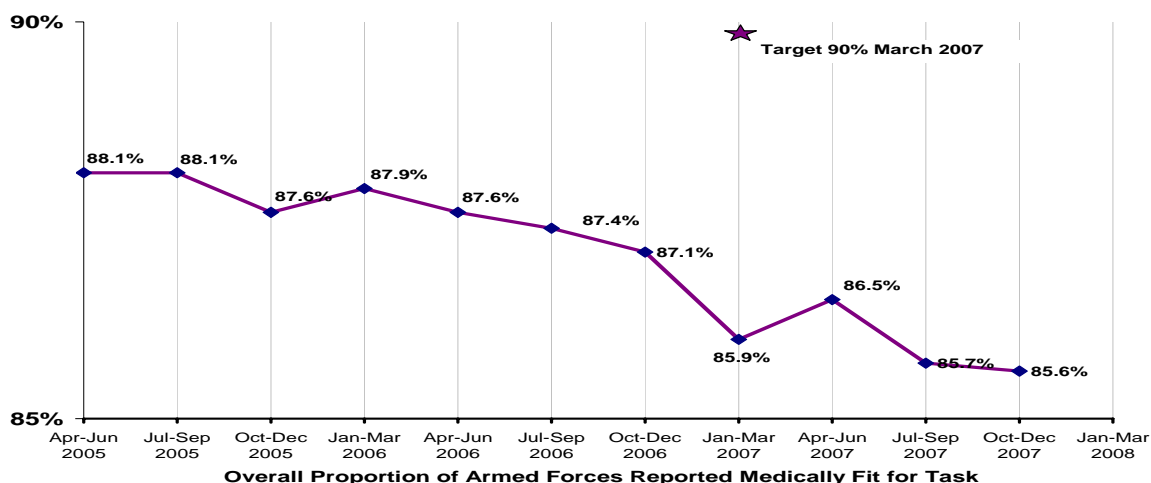
⁸ Manning Balance is defined as between -2% and +1% of the trained strength requirement, and is measured against the requirement prevailing at the time. Since that requirement is dynamic, the underlying baseline numerical target varies over the PSA period.

⁹ Including the Royal Marines

(c) Medically Fit For Task

At least 90% of service personnel to be medically fit for task by 1 April 2007

As of 31 December 2007 85.6% of the Armed Forces were reported as fit for task. The vast majority of those not fit for their primary task are working normally and continue to contribute to operational effectiveness, but their deployability is limited.



(d) Voluntary Outflow rates

	Long term sustainable rate	Year ending 1 December 2007
Naval Service Officers	2%	3.8%
Naval Service Other Ranks	5%	6.3%
Army Officers	4.2%	4.3%
Army Other Ranks	5.6%	5.8%
Royal Air Force Officers	2.5%	3.0%
Royal Air Force Other Ranks	4.0%	4.6%

(e) Levels of Individual Separated Service

	Guidelines	Performance
Royal Navy / Royal Marines	In any 36 month period, no one to exceed 660 days separated service.	Fewer than 1% of Royal Navy personnel exceeding 660 days separated service.
Army	In any 30 month rolling period no one to exceed 415 days separated service.	10.3% of Army personnel exceeding 415 days separated service.
Royal Air Force	Not greater than 2.5% of personnel exceeding 140 days of detached duty in 12 months.	10.0% of Royal Air Force personnel exceeding 140 days of detached duty.

(f) Unit Tour Intervals

	Guidelines	Performance
Royal Navy	Fleet Units to spend maximum of 60% deployed in a 3 year cycle.	The Royal Navy continues broadly to meet its Unit Tour Interval Harmony guidelines.
Army	24 month average interval between unit tours.	The following front line corps were exceeding unit tour interval guidelines: Infantry 23 months Royal Artillery 18.5 months Royal Signals 19.6 months Royal Logistics Corps 15 months Some specialist units, particularly in the Combat Service Support trades had shorter tour intervals
Royal Air Force	Unit tour intervals to be no less than 16 months.	Elements of Joint Helicopter Command, Harrier, Tactical Imagery Intelligence Wing, Nimrod, Tactical Medical Wing, 90 Signals Unit and RAF Regiment are breaking guidelines.

OBJECTIVE III: Build for the future.

Target 6

Deliver the Equipment Programme to time and cost ¹⁰

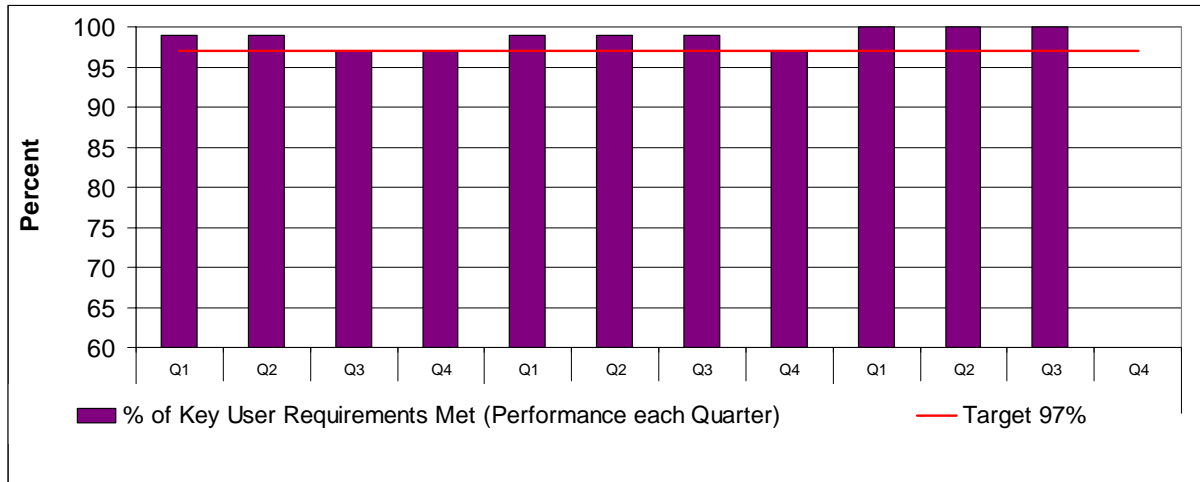
Overall Assessment
LIKELY ONLY TO BE PARTLY MET

The Department met this target in full in 2005-06 and 2006-07. In 2007-08 we expect to meet the target for delivery of Key User Requirements. There is some risk to the cost growth target. We do not expect to meet the 2007-08 target for in-year variation of In Service Dates. A number of programmes have identified significant slippage, partially as a result of integrated trials failures, towards the end of the programmes when the opportunities to mitigate the issues are minimal

Assessment against Performance Indicators

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

Category A-C post-Main Gate pre-ISD projects are currently forecasting to achieve 100% of the customer's key requirements.

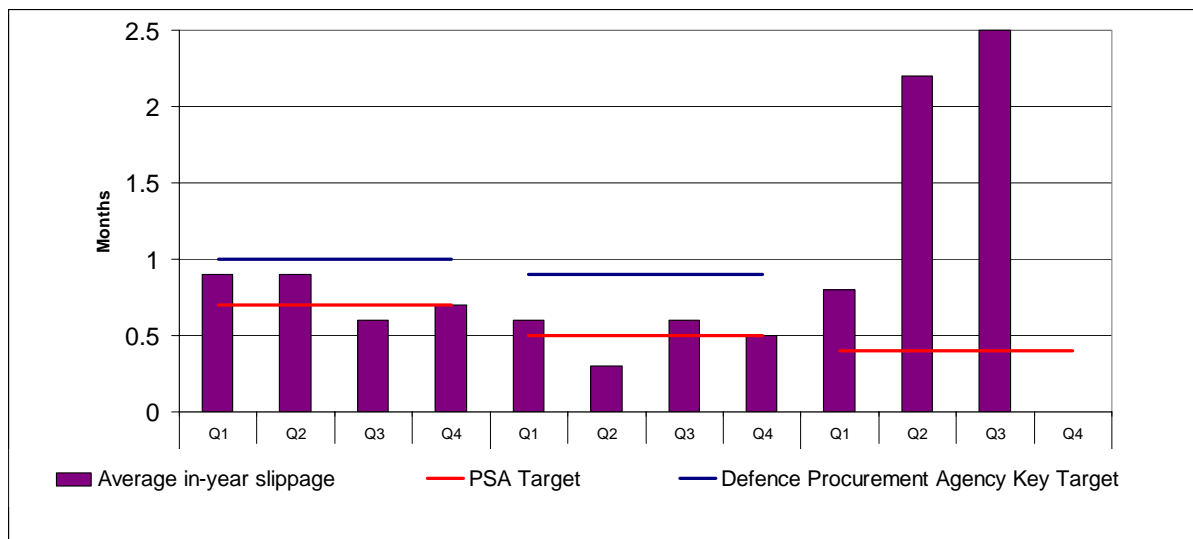


Performance against Key User Requirements

¹⁰ Performance against the PSA is measured against all Category A to C projects that have passed Main Gate and are yet to achieve ISD at the start of the financial year

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

Category A-C post-Main gate pre-ISD projects reported average in-year slippage in forecast ISD of 2.5 months and we do not now expect to meet this target for 2007-08. A number of programmes have identified slippage, partly as a result of integrated trials failures, including General Service Respirator, Terrier, Next Generation Light Anti-Armour Weapon and Precision Guided Bomb.



Performance against In-year variation of forecast In Service Dates

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

Category A-C post-Main Gate pre-ISD projects reported an average in-year variation of forecast cost increase of just over 0.2%. The major programme showing cost growth at present continues to be Nimrod.



Performance against In-year variation of forecast costs for Design and Manufacture phase

Efficiency

Objective

More flexible and efficient organisations and processes to support the Armed Forces.

2004 Spending Review Efficiency Target

Realise total annual efficiency gains of at least £2.8 Billion by 2007-08, of which three quarters will be cash-releasing.

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

Overall Assessment
ON COURSE

Around half of the target will be achieved by programmes that were already within the Defence Change Programme, and a further 40% from implementation of the force capability changes set out in *Delivering Security in a Changing World: Future Capabilities*, published in July 2004. The remaining 10% will come from various other programmes, including Top Level Budget commodity procurement, relocations in response to the Lyons review and work to simplify and improve the finance function. The Department remains confident of achieving the financial, headcount reduction and relocation targets

Performance against 2004 Spending Review Efficiency Target

The MoD's Efficiency Technical Note (available on the MoD website) describes the Efficiency Programme in detail and explains how we are delivering and measuring the efficiency gains. Details of progress are set out in the table opposite. By 31 December 2007 a total of £2,672M of efficiencies had been delivered, including assumed savings of £234M from in-year efficiency measures achieved in 2006-07 and expected to be repeated in the final quarter of 2007-08. This compares with a total of £2,448M of efficiencies by 31 March 2007. We remain on track to deliver our £2.8Bn target by end 2007-08.

Cashable Gains

About 86% of the gains are cash-releasing.

Personnel Reductions and Relocations

- We have reduced civilian personnel numbers by 15,560 by 1 January 2008.
- The number of military personnel will reduce by over 10,000 by April 2008, enabling over 5,000 military administrative and support posts to be abolished. 4,870 posts had been disestablished by 31 December 2007.

Relocations

We remain on track to deliver a net reduction of 3,900 posts in London and the South East by 2010. A net reduction of 2,660 posts had achieved by 31 December 2007.

Performance against 2004 Spending Review Efficiency Target

PROGRAMME	Achieved by 31 March 2007 ¹ (£M)	Achieved by 31 Dec 2007 ¹ (£M)	Planned by 31 March 2008 ^{1 2} (£M)
Force Structure changes *	298	313	378
Corporate Services	296	243	287
Military Personnel Management	38	57	74
Civilian Personnel Management	30	40	52
Finance Function*	16	8	12
Information Services ³	212	138	149
Procurement and Logistics	1,419	1,404	1,743
Equipment Procurement ³	206	298	385
Defence Logistics Transformation ^{3*}	1,030	957	1,094
Whole Fleet Management ^{3*}	55	26	111
Estates Modernisation ³	62	86	95
Other Procurement	66	37	58
Productive Time^{3*}	139	51	90
Organisational changes	2	3	4
Relocation	18	18	18
Manpower	344	518	565
RN	32	37	37
Army	64	82	89
RAF	143	179	203
Civilian	105	220	236
Additional measures⁴	0	0	230
Adjustment⁵	68	-112	-112
TOTAL	2,448	2,438	3,203
Assumed re-achievement of in-year efficiencies from 2006-07⁶		234	0
ADJUSTED TOTAL		2,672	3,203

Notes:

1. Figures include efficiencies achieved from 2004-05 onwards.
2. The planned gains are the most recent forecast.
3. These gains include an element of non-cashable gains.
4. Actuals will not be reported until the end of year.
5. Adjustment to avoid double counting of manpower savings.
6. Reflects the expected repetition in 2007-08 of gains achieved in 2006-07 from programmes marked *.

Force Structure Changes

Following the 2003 Defence White Paper the Department undertook a detailed study of force structures and the equipment programme and determined that extensive restructuring would allow us to achieve better policy outcomes with smaller, lighter and more capable forces. These changes were set out in *Delivering Security in a Changing World: Future Capabilities*, published in July 2004. By 31 December 2007 £313M of benefits had been delivered (reflecting the removal of some non-cumulative efficiencies from its 2006-07 achievement) through:

- the reduction of Type 42 Destroyer, Type 23 Frigate and mine-hunter fleets and a rationalisation of our submarine capability;
- the re-rolling and reduction of Challenger II armoured squadrons and AS90 artillery batteries, reflecting the transition from heavy to light and medium weight forces;
- reductions to Tornado F3 units and withdrawal of Jaguar from 30 April 2007 in line with the introduction into service of Typhoon, and reducing costs associated with the smaller Nimrod fleet; and
- the restructuring of our current helicopter fleets and ground based air defence capability.

Corporate Services

The Department is undertaking a range of programmes to modernise and improve the effectiveness and efficiency of its corporate services:

- Joint Personnel Administration will modernise the personnel management and administration of the Armed Forces by harmonising and simplifying a range of personnel policies and processes and by introducing a new commercial off-the-shelf information systems. The system has now been rolled-out to all three Services and has delivered £57M of benefits by 31 December 2007;
- The People Programme will enable MoD civilians to make the best contribution to the UK's defence capability through a civilian workforce which is appropriately skilled, managed and motivated. Efficiency gains will be achieved through a reduction of civilian Human Resources staff, lower maintenance costs of the human resources information system, implementation of modern and simple pay and policy processes and a reduction in administration tasks. The programme has delivered £40M of efficiencies by 31 December 2007;
- The Defence Resource Management Programme aims to simplify and improve current financial processes, structures and systems to reduce costs and improve decision-making. Efficiency gains will be achieved from a reduction in the number of staff in the finance function and reduction in expenditure on external assistance. The programme has delivered £8M of benefits by 31 December 2007, reflecting the removal of some non-cumulative efficiencies from its 2006-07 achievement. Achievement is reported on an annual basis;
- The Defence Information Infrastructure (DII) is delivering a modern management information infrastructure across Defence. The programme has delivered £138M of efficiencies by 31 December 2007, reflecting the removal of some non-cumulative efficiencies from its 2006-07 achievement.

Procurement and Logistics

The Department is undertaking a range of programmes to build on Smart Acquisition, improve value for money from expenditure on the future equipment programme, increase the effectiveness, efficiency and flexibility of Defence logistics activity, and modernise management of the Defence estate. We are also working to improve the efficiency of commodity procurement across defence. These programmes comprise the Procurement and Logistics element of our overall efficiency programme. In particular:

- *Future Capabilities* identified opportunities to improve value for money from equipment procurement expenditure. Revised procurement strategies for the future helicopter fleet and the Future Rapid Effects System, a more efficient way to provide the offensive air capability, and reprofiled acquisition increments for indirect fire precision attack produced a total of £298M of efficiencies by 31 December 2007.
- The purpose of the Defence Logistics Transformation Programme is to transform the means by which logistics support is delivered to the three Services. The programme has delivered £957M of efficiencies by 31 December 2007. This figure reflects the removal of non-cumulative efficiencies from its 2006-07 achievement.
- Whole Fleet Management will provide better management of the Defence land vehicle fleet and facilitate the training of force elements to the required standard on future reduced fleets. Savings are achieved through reduced spares consumption and battery use, improved management of the vehicle fleet and manpower efficiencies. Efficiencies of £26M have been delivered by 31 December 2007, reflecting the removal of non-cumulative efficiencies from its 2006-07 achievement.
- The Estates Modernisation programme is rationalising and improving the condition of the Defence estate and obtaining better value for money from estate expenditure through the introduction of Prime Contracting, modernisation of single living accommodation, and provision of water and sewage services. Efficiency gains are achieved through personnel reductions, lower management overheads for Service families' accommodation and reduced operating costs. £86M of efficiencies have been delivered by 31 December 2007.
- The 'Other Procurement' Initiative extends the Defence Equipment and Support's Procurement Reform programme across other areas of Defence. This aims to maximise the Department's buying power using reverse auctions, electronic purchasing, incentives and rationalisation of contracts, and had delivered £37M of efficiencies by 30 September 2007, reflecting the removal of non-cumulative efficiencies from its 2006-07 achievement. This includes £28M from the Defence Travel Modernisation programme to deliver a modern and coherent e-booking capability. Pending the conclusion of work to validate the efficiencies achieved we have however deliberately taken a cautious judgment on overall the level of efficiencies we expect to achieve by 31 March 2008.

Productive Time

The objective of the Defence Health Change Programme is to increase the proportion of military personnel who are fit-for-task by improving the quality of healthcare using regional rehabilitation units and other methods. £51M of non-cashable gains from reducing the time taken to restore personnel to full fitness have been reported, reflecting the removal of non-cumulative efficiencies from its 2006-07 achievement. The programme reports benefits bi-annually.



Organisational Changes

A number of initiatives are in hand to slim down the Department's management overhead including the continuing rationalisation of Service Headquarters and other organisations. These have delivered £3M of efficiencies by 31 December 2007.

Relocations

We remain on track to deliver a net reduction of 3,900 posts in London and the South East by 2010. A net reduction of 2,660 posts had been achieved by 31 December 2007. This represents a decrease of 152 over the quarter, reflecting the relocation of 12th Regiment Royal Artillery from Germany to Portsmouth.

Additional Measures

With the agreement of the Treasury, a number of additional measures which were previously identified as contingencies have now been brought within the main efficiency programme. These include efficiencies identified during the 2005 and 2007 Planning Rounds; contractisation of non-operational feeding across all three Services; and Indirect Resource DEL savings generated by extending the out of service date of the Harrier GR9 and Tornado GR4. Achieved savings against these measures will be reported in the Annual Report and Accounts at the end of the year.

Maintaining service quality

All programmes contributing efficiency savings are required to demonstrate that where inputs have been reduced, the quality of outputs is being maintained.

Further Information

Further details of the PSA and Efficiency Targets including the detailed Technical Notes setting out how performance against these targets is measured, together with previous quarterly performance reports and the *Ministry of Defence Annual Report and Accounts* for 2005-06 and 2006-07, can be found at www.mod.uk.

Reports by House of Commons Committees and Government response can be found at www.publications.parliament.uk. These include:

- The Committee of Public Accounts' report on *Assessing and reporting military readiness* (HC667); and the Treasury Minute setting out the Government Response (Cm6775);
- The House of Commons Defence Committee's *Second Report of Session 2006-07 on the Ministry of Defence Annual Report and Accounts 2005-06*, (HC 57) and *The Ministry of Defence Annual Report and Accounts 2005-06: Government Response to the Committee's Second Report of Session 2006-07: Seventh Special Report of Session 2006-07* (HC 376),
- The House of Commons Defence Committee's *Fifth Report of Session 2007-08 on the Ministry of Defence's Annual Report and Accounts 2006-07* (HC61); and *Ministry of Defence Annual Report and Accounts 2006-07: Government Response to the Committee's Fifth Report of Session 2007-08: Fifth Special Report of Session 2007-08* (HC468);
- The House of Commons Defence Committee's *Ninth Report of Session 2007-08 on The Future of NATO and European Defence* (HC111) and
- The House of Commons Defence Committee's *Tenth Report of Session 2007-08 on Defence Equipment 2008* (HC295).

In its December 2006 *Third Validation Compendium Report* on the quality of data systems underpinning Public Service Agreement Targets (HC 127), the National Audit Office concluded that the data systems underpinning the targets on operations, manning balance and equipment procurement were fully fit for measuring and reporting performance against these targets, that the system underpinning the target for readiness was broadly fit for purpose but should be strengthened to establish a system to report against the ability to deploy, sustain and recover the Armed Forces (this has since been done), and that the systems underpinning the targets for Conflict Prevention and European security needed strengthening in particular to document the compilation and assessment process more thoroughly to ensure consistency of judgment over time (further work has since been done to address these). This report can be found at www.nao.org.uk, together with National Audit Office Reports from June 2005 on *Assessing and Reporting Military Readiness*, from February 2007 on *The Efficiency Programme: A Second Review of Progress* (HC 156), from July 2007 on *Transforming logistics support for fast jets* (HC825), and from November 2007 on *Briefing for the Defence Committee on the Performance of the Ministry of Defence 2006-07*.