

Finance	52
Essay – MoD as a Business Owner	58
Manpower	59
Estate	71
Essay – Sustainable Development in Defence	76
Reputation	78
Essay – Defence Training and the Wider Economy	81

RESOURCES



FINANCE

Objective: To contain Departmental resource consumption within the resources voted by Parliament, while delivering PSA targets.

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 of 2.5% will be made each year from 2002-03 to 2005-06, including through a 20%¹ output efficiency gain in the Defence Logistics Organisation:

- Reduce the per capita cost of successfully training a military recruit by an average of 6% by April 2006;
- Achieve 0% average annual cost growth (or better) against the Major Equipment Procurement Projects;
- Reduce by 14% (relative to April 2002) the output costs of the Defence Logistics Organisation, while maintaining support to the Front Line;
- Reduce MoD Head Office and other management costs by 13%;
- Identify for disposal land and buildings with a Net Book Value of over £300M.

Performance Measure and Assessment

In-year financial management:

- **Net resource consumption of £30,593M for provision of defence capability against resources voted by Parliament of £31,548M;**
- **Net additional Resource and Capital expenditure of £1,112M on operations;**
- **Expenditure against war pensions and allowances of £1,110M, against resources voted by Parliament of £1,161M;**
- **Outturn of £30,860M against Resource Departmental Expenditure Limit of £31,320M;**
- **Outturn of £6,351M against Capital Departmental Expenditure Limit of £6,438M.**

Achieve 8% cumulative overall efficiency improvement compared to 2001/2002:

- **3.2%² overall improvement during 2004-05, and 8.2%² cumulative overall improvement compared to 2001/2002 (target 8%);**
- **Following organisational changes it is no longer possible to measure the per capita training cost on the basis used in the PSA target;**
- **4.6% in-year reduction on Major Equipment Projects (target 0% cost growth);**
- **11.1%² cumulative reduction in Logistics costs (target of 10.0%);**
- **12.0% cumulative reduction in Head Office costs (target of 12.0%);**
- **Cumulative value of £395M land and buildings identified for disposal (target £258M).**
- **Individual sub-targets are reported on in detail under Training, Equipment, Logistics, Change and Development, and Estate sections.**



DEFENCE BUDGET AND SPENDING

102. The Ministry of Defence again achieved an unqualified opinion from the Comptroller and Auditor General that the Departmental Resource Accounts in Section 2 of this report give a true and fair view of the state of affairs of the Department and of its net resource outturn, recognised gains and losses and cashflows for the year.

103. Planned expenditure for the year was set out in the *Ministry of Defence: The Government's Expenditure Plans 2004-05 to 2005-06*, and in the Main Estimates and the Winter and Spring Supplementary Estimates voted by Parliament. Provisional outturn for the year was set out in the *Public Expenditure Outturn White Paper 2004-05* published in July 2005. Table 3 compares final performance against the final estimates approved by Parliament. Total Defence expenditure in 2004-05 was contained within voted provision, with an overall Net Resource³ underspend of £1,019M. As set out

in the explanation of variation between Estimate and Outturn in the Departmental Resource Accounts on page 141, the main elements of this were a provision of £500M for Typhoon development costs requested in Estimate that was not in the event required in year, £208M from changes in the calculation of nuclear provisions, £66M for capital spares that were recovered for future use, and expenditure on war pensions of £52M less than originally forecast and provided for in estimates. The remaining variance arose principally from the impact of revaluations of land and buildings over the course of the year being less than anticipated.

104. The Department is voted additional resources (RfR 2) to cover the net additional costs of operations. No formal budget is set. Expenditure including on capital items is set out in Table 4 below. Overall expenditure in 2004-05 was £1,112M, including £910M for operations in Iraq, £87M for operations in the Balkans (Bosnia and Kosovo), and £67M for operations in Afghanistan⁵.

Table 3: 2004-05 Parliamentary Controls (£M)⁴

	Final Voted Provision	Departmental Resource Accounts	Variation
Request for Resources 1 (Provision of Defence Capability)	31,548	30,593	-955
Request for Resources 2 (net additional cost of operations)	950	938	-12
Request for Resources 3 (war pensions and allowances)	1,161	1,110	-52
Net Resources	33,659	32,641	-1,019
Net Cash Requirement	29,811	29,524	-287

Table 4: Net Additional Costs of Operations 2004-05 (£M)

	Outturn
Resources (RfR2)	938
Capital	174

³Including both cash and non cash items and unallocated provisions.

⁴Includes Resource Departmental Expenditure Limit and Annually Managed Expenditure, less Resource Appropriation-in-Aid (e.g. profit/loss on disposal of capital items and stock).

⁵Details set out in Note 27 to the Departmental Resource Accounts 2004-05.

105. Details of the MoD's expenditure for 2004-05 broken down against our three primary Public Service Agreement objectives are summarised in Table 5 and set out in detail in Schedule 5 (on page 146) and Note 26 (on pages 183-187) to the Departmental Resource Accounts.

106. In addition to the Net Resource controls set out above, against which Departmental expenditure is presented in the Departmental Resource Accounts and audited by the National Audit Office, the Department works within two Departmental Expenditure Limits (DEL) covering both the majority of the Department's

operating costs (excluding some non-cash costs specifically relating to nuclear provisions) and capital expenditure. In 2004-05 MoD expenditure was contained within the DELs for both its capital and its resource expenditure, with an underspend of £460M against Resource DEL and £87M against Capital DEL. The Resource DEL underspend mainly reflects the resources for a provision for Typhoon development included in estimates but not in the event required in year. The small Capital DEL underspend resulted mainly from lower than expected expenditure on capital spares. Detailed outturns by Top Level Budget Holder are set out in Table 6.

Table 5: Resources By Departmental Objectives 2004-05 (£M)⁶

	Net
Objective 1: Achieving success in the tasks we undertake	3,390
Objective 2: Being ready to respond to the tasks that might arise	24,934
Objective 3: Building for the future	2,977
(Total RfRs 1 & 2)	31,301
Paying war pensions and allowances (RfR3)	1,110
Total	32,410

Table 6: Outturn against Departmental Expenditure Limits (DEL) 2004-05 (£M)

	DEL	Outturn
Resource DEL⁷	31,320	30,860
Allocated to TLBs:		
Commander-in-Chief Fleet	3,543	3,569
General Officer Commanding (Northern Ireland)	643	626
Commander-in-Chief Land Command	5,414	5,341
Commander-in-Chief Strike Command	3,675	3,503
Chief of Joint Operations	463	493
Chief of Defence Logistics	7,596	7,452
2nd Sea Lord/Commander-in-Chief Naval Home Command	717	763
Adjutant General	1,733	1,778
Commander-in-Chief Personnel and Training Command	1,002	1,125
Central	3,023	3,137
Defence Procurement Agency	3,016	2,568
Corporate Science and Technology	495	506
Capital DEL⁸	6,438	6,351
Allocated to TLBs:		
Commander-in-Chief Fleet	29	17
General Officer Commanding (Northern Ireland)	27	28
Commander-in-Chief Land Command	133	153
Commander-in-Chief Strike Command	29	27
Chief of Joint Operations	28	24
Chief of Defence Logistics	1,205	1,121
2nd Sea Lord/Commander-in-Chief Naval Home Command	38	23
Adjutant General	27	26
Commander-in-Chief Personnel and Training Command	23	24
Central	258	322
Defence Procurement Agency	4,641	4,586
Corporate Science and Technology	0	0

⁶Excludes £231M for excess Appropriation-in-Aid and Consolidated Fund Extra Receipts included in total outturn of £32,641M in Table 3 (see Note 7 to the Defence Resource Accounts 2004-05 on page 160).

⁷Includes all operating costs in RfR1 less items accounted for as Annually Managed Expenditure, such as changes in nuclear provisions. Excludes expenditure on Conflict Prevention activities (See Table 4).

⁸Includes all expenditure on fixed assets, less the income from the sale of such assets. Excludes expenditure on Conflict Prevention activities (See Table 4)



A meeting to review production of the Accounts

LOSSES AND WRITE-OFFS

107. Details of the losses included in the accounts in 2004-05 are set out in Note 29 to the Departmental Resource Accounts (pages 190-195). Excluding payments made by the War Pensions Agency they amount just over £400M, a reduction of about 13% compared to 2003-04. 80% of this represents final closure of cases where advance notification has been given in previous years, and the overall level is driven by write-offs or write-down on only a few very large projects. Over half of the total reflects final closure of the accounts on the Defence Stores Management Solution and related projects (£144.5M), and renegotiation of the contract for Nimrod MRA4 Maritime Reconnaissance Aircraft with BAES (£74.9M). Both these cases have already been reported on in considerable detail. The majority of the remainder reflects the accounting consequences of the change in procurement strategy for the BOWMAN communications system (£51.0M), the cancellation of a project for construction of a remote ammunition facility at Devonport Naval Base once it became clear that this activity could be managed safely by existing facilities (£25.0M) and the termination of a project aimed at providing information systems to support Attack Helicopters when it became clear that the approach originally proposed could not meet the requirement (£19.0M).

108. The Departmental Resource Accounts also identify a number of further potential losses that have not yet been brought to completion and have therefore been identified for formal incorporation in a future year's accounts. It should be borne in mind that these are estimates; the final loss declared may therefore be either larger or smaller. The MoD's advance notifications have reduced in value by some 12% since last year, reflecting the final closure of a number of historic cases (see previous paragraph) and a limited number of new cases having arisen. Almost 85% by value of the advance notifications relates to cases identified before 1 April 2004. It is

dominated by two cases. There is an essentially historic write-off of £314M arising from the UK's withdrawal from the multinational Long Range TRIGAT anti-armour missile programme in 1995, and the Medium Range TRIGAT programme in 2000. As reported last year, under the terms of the Memorandum of Understanding governing these projects we cannot formally close these transactions in the MoD's accounts until all work is completed by all of the original partners, and all intergovernmental transactions are finalised. It also includes a potential £205M write-down of the value of Chinook Mark 3 helicopters, a project that has been scrutinised in detail by the National Audit Office and the Public Accounts Committee. Pending final agreement of the way forward on this project, when it will be possible to determine the final scale of write-off required, the Department has deliberately taken a very prudent accounting approach as to the residual value of these aircraft that maximises the scale of the potential write-off. Between them TRIGAT and Chinook Mark 3 together with the potential payments to BAES and Swan Hunter in respect of the LPD(A) project reported to Parliament during the year, comprise over 75% of the advance notifications.

EFFICIENCY PROGRAMME

109. In the 2002 Spending Review the Department committed to achieving year-on-year output efficiency gains of 2.5% from 2002-03 to 2005-06, to be achieved by making improvements in the efficiency and effectiveness of the key processes for delivering military capability. This is measured by the weighted average of performance against a set of process-related supporting targets, the weighting being determined by the relative resources covered by each supporting target. Overall results are set out in Table 7. Following significant organisational change it is no longer possible to measure the per capita cost of successfully training a military recruit on the basis used in the PSA target. This has therefore been discontinued and this element has been assessed as making no contribution to achievement of the PSA Target. Despite this we have achieved cumulative efficiency gains of 8.2%⁹ against a cumulative target of 8%, and that we are on course to meet the overall target by the end of 2005-06. Further detail on the individual sub targets can be found in the respective sections of the report on Training (paragraph 193), Equipment (paragraph 223), Logistics (paragraph 209), and Estate (paragraph 156). Performance will continue to be tracked during 2005-06 and the final outcome will be reported in the *Annual Report and Accounts 2005-06*. The MoD is now focusing on delivering the efficiencies agreed in Spending Review 2004 in response to the 2004 *Independent Review of Public Sector Efficiency* by Sir Peter Gershon (see paragraph 110).

⁹Subject to validation.

Table 7: SR02 Efficiency Improvements

Target	Weighting	Cumulative Trajectory			
		2002-03	2003-04	2004-05	2005-06
Reduce by an average of 6% the per capita cost of training a successful military recruit to the agreed standard.	9	2%	4%	5%	6%
Achievement		1.7%	4.2%	Discontinued	Discontinued
Achieve 0% average annual cost growth (or better) against the equipment procurement projects included in the Major Projects Report, while meeting customer requirements.	6	0%	0%	0%	0%
Actual in-year cost growth		5.7%	3.1%	-4.6%	
Reduce by 20% the output costs of the Defence Logistics Organisation, while maintaining support to the Front Line	68	2%	6%	10%	14%
Achievement		3.1%	6.6% ²	11.1% ¹	
Reduce MoD Head Office and other management costs by 13%	5	5%	9%	12%	13%
Achievement		6.3%	10.6%	12%	
Identify for disposal land and buildings with a net book value of over £300M	12	£84M	£134M	£258M	£300M
Achievement		£135M	£230M	£395M	
Overall Target	100	2%	5%	8%	10%
Overall Achievement		2.3%	5.0% ²	8.2% ¹	

Notes:

1. Logistics performance subject to validation by Defence Internal Audit.
2. The 2003-04 achievement against the Logistics target, and the overall achievement have been amended from that reported in the *Annual Report and Accounts 2003-2004* to reflect subsequent checking and validation.

2004 SPENDING REVIEW

110. The Government is committed to funding the Armed Forces as they modernise and adapt to meet evolving threats and promote international stability in the changing global security environment. Building on the additional investment provided by the Government since 2000, the 2004 Spending Review (SR2004) announced in July 2004 increased planned spending on defence by an average of 1.4% per year in real terms over the three years to 2007-08, with total planned defence spending £3.7 billion higher in 2007-08 than in 2004-05. In cash terms, the equivalent increase is £3.5 billion, an average real growth of 1.5% per year. Further modernisation of defence will be supported through the continued provision of the Defence Modernisation Fund, amounting to £1 billion over the three years to 2007-08, which represented an increase in both its size and scope. The MoD's SR2004 Public Service Agreement (PSA) for 2005-06 to 2007-08 is set out in Annex A. Building on its existing change programme, the MoD also undertook to realise total annual efficiency gains of at least £2.8 billion by 2007-08, of which three-quarters will be cash releasing, to be re-invested in defence capability and further modernisation initiatives. Further

detail about the Department's change programme is set out in paragraphs 234-256. Further information on the outcome of the 2004 Spending Review is set out in *2004 Spending Review: Stability, security and opportunity for all: investing for Britain's long-term future: New Public Spending Plans 2005-2008* (Cm 6237) published on www.hm-treasury.gov.uk and in the technical notes supporting the MoD's SR2004 Public Service Agreement and Efficiency programme, published on www.mod.uk.

FURTHER SOURCES OF INFORMATION

111. Detailed information on the Department's financial performance is contained in the Departmental Resource Accounts in Section 2 of the *Annual Report and Accounts 2004-05*. Further information is also available from the following sources:

- quarterly SR2002 Public Service Agreement reports to HM Treasury at www.mod.uk;
- *2004 Spending Review: Stability, security and opportunity for all: investing for Britain's long-term future: New Public Spending Plans 2005-2008* (Cm 6237) at www.hm-treasury.gov.uk;



- *Releasing resources to the front line: Independent Review of Public Sector Efficiency*;
- SR2004 Public Service Agreement and technical note at www.mod.uk;
- SR2004 Efficiency technical note at www.mod.uk;
- *Ministry of Defence: The Government's Expenditure Plans 2004-05 to 2005-06 (Cm 6212)* at www.mod.uk;
- *Central Government Supply Estimates 2004-05: Main Estimates (HC466)*;
- *Central Government Supply Estimates 2004-05: Main Estimates 2004-05 Supplementary Budgetary Information (Cm 1633)*;
- *Central Government Supply Estimates 2004-05: Winter Supplementary Estimates (HC 1234)* available at www.hm-treasury.gov.uk;
- *Central Government Supply Estimates 2004-05: Spring Supplementary Estimates (HC 325)* available at www.hm-treasury.gov.uk;
- *Public Expenditure Outturn White Paper 2004-05 (Cm 6639)* available at www.hm-treasury.gov.uk;
- NAO Report '*Ministry of Defence – Battlefield Helicopters*' (HC 486 2003-2004) available at www.nao.org.uk;
- Public Accounts Committee Report '*Ministry of Defence – Battlefield Helicopters*' (HC 386);
- *Veterans Agency Annual Report and Accounts 2004/2005* available at www.veteransagency.mod.uk.

ESSAY – MoD as a Business Owner

The MoD has ownership interests in six commercial businesses:

- five of its Executive Agencies¹ (ABRO, DARA, Dstl, Met Office and UKHO) operate as Trading Funds, charging cash for the services they provide to MoD and other customers, and publishing full profit/loss accounts.
- MoD also owns a 56% shareholding in QinetiQ, a company formed in 2001 from a former Trading Fund Agency.

Over the last two years, as part of a wider initiative across Whitehall to drive up the Government's performance as a shareholder, we have strengthened our business ownership role. A dedicated team within MoD Head Office works closely with the Shareholder Executive (located in the DTI), to ensure that the plans and objectives of each business are properly scrutinised, and that their executive teams receive the support they need to deliver business success. This role is distinct from MoD's position as the major customer of each organisation, and the two functions are managed separately. A summary of the purpose of, and current issues affecting, each business is given in Annex E.

Trading Funds

In strengthening our Trading Fund Ownership role, our chief focus is on:

- setting clearer high-level objectives and annual targets for each organisation, identifying explicitly any trade-offs which may need to be made between MoD's position as both Owner and principal customer;
- placing stronger emphasis on improving shareholder value, mainly by encouraging each Trading Fund² to generate profitable income from non-Government sources;
- holding executive teams more effectively to account, and applying closer and more expert scrutiny to the business plans, whilst maintaining a constructive and supportive relationship;
- introducing stronger governance arrangements, drawing on best-practice in the commercial sector (see below).

Strong governance is central to sustained business success. During 2004-05 we made good progress in this area. New commercial-style 'Trading Fund Boards' were introduced, reporting directly to Ministers and supporting them in their roles as formal Owners. These Boards are chaired by individuals with proven records of success in the commercial sector, and comprise a mixture of executive and non-executive members. Members of the MoD Head Office also attend meetings. Modelled closely on company boards in the private sector, the role of Trading Fund Boards is to scrutinise the performance and plans of the business, and provide challenge and support to the executive team. The new Boards are already proving very effective both in raising the level and quality of external scrutiny, and in building closer relationships and understanding between Trading Funds and MoD Head Office.

Building on this successful initiative, we are now working with the new Boards with a view to ensuring that Trading Fund objectives are clearly articulated, and that robust strategies, business plans and management arrangements are in place to drive up performance. It is intended to codify the objectives, governance arrangements, and other key information about the Trading Fund/MoD relationship in refreshed Framework Documents for ABRO, Dstl, the Met Office and UKHO.

QinetiQ

In 2003, MoD sold some 34% of its shareholding in QinetiQ to The Carlyle Group (a private equity investor). While we still have the majority equity shareholding and a Special Share, The Carlyle Group has 51% of the voting shares and thus effective control of the Company. We have, however, taken up our right to appoint Directors to the QinetiQ Board, which meets on a monthly basis. We therefore have clear visibility of, and a strong basis from which to influence, QinetiQ's strategic direction and high-level business planning.

¹ABRO (formerly the Army Base Repair Organisation), the Defence Aviation Repair Agency (DARA), the Defence Science and Technology Laboratories (Dstl), the Met Office, and the UK Hydrographic Office (UKHO).

²Excepting Dstl which can only do work for non-Governmental sources with the prior agreement of MoD/Government customers.



MANPOWER

Objective: Recruit and retain the people we need.

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 balance¹.

Performance Measures and Assessment

Trained strength of Forces between +1% and -2% of the overall requirement by 31 December 2004 (RN and RAF) and by 31 December 2005 (Army):

- **As at 1 April 2005**
 - RN/RM trained strength of 36,320 or 95.1% of overall requirement (compared to 96.8% on 1 April 2004);
 - Army trained strength of 102,440 or 98.3% of overall requirement (compared to 97.0% on 1 April 2004);
 - RAF trained strength of 49,210 or 101% of overall requirement (compared to 98.5% on 1 April 2004);
- **As at 1 April 2005**
 - RN/RM Reserve strength of 25,790 of which 22,180 Regular and 3,610 Volunteer;
 - Army Reserve strength of 171,440 of which 134,190 Regular and 37,260 Volunteer;
 - RAF Reserve strength of 36,630 of which 35,160 Regular and 1,480 Volunteer.

Critical shortage groups:

- **Areas of critical shortage remained in all three Services;**
- **Further reduction in overall shortfall in medical personnel from 23% to 20%.**

Achieve stable Premature Voluntary Release (PVR) rates for each Service:

- **Slight increase in PVR rates across all three Services, but Army and RAF continue to remain within stable long term goal rate.**

Reduce number of Service Personnel medically downgraded and level of civilian absence:

- **1% increase to 11.7% in proportion of Service Personnel medically downgraded;**
- **Defence mental health services reconfigured;**
- **Defence civilian sickness absence for non-industrial staff reduced further to 7.3 days per staff year, against a target of 7.5 days. (Civil Service 10.0 days overall, Private Sector 6.9 – 7.8 days).**

Civilian Workforce:

- **108,470 Full Time Equivalent civilian staff employed on 1 April 2005 (109,050 at 1 April 2004) including 15,660 Locally Employed Civilians outside the UK.**

Civilian Progression:

- **Generally good progress in management development and promotion.**

Diversity:

- **Overall Service ethnic minority strength (including Commonwealth recruits) increased to 5.2% at 1 April 2005 (4.9% at 1 April 2004) against target of 6% by 2006. UK ethnic minority intake:**
 - RN 2.3% (target 3%, 2003-04 intake 2.1%);
 - Army 3.7% (target 3.4%, 2003-04 intake 2.8%);
 - RAF 1.7% (target 3.1%, 2003-04 intake 1.8%).
- **As at 1 April 2005, women comprised 9.0% of UK Regular Forces, and 10.5% of the total 2004-05 intake;**
- **Proportion of women and disabled personnel increased at all levels of MoD civil service. Proportion of ethnic minorities stable or slightly reduced. Civilian diversity targets exceeded for disabled personnel in MoD Senior Civil Service and women in Band B, and just missed for women in Band D. Significantly below target for women and ethnic minority personnel in Senior Civil Service, ethnic minority and disabled personnel in Band B and Band D.**

¹Manning balance is defined as between -2% and +1% of the requirement, and is measured against the target prevailing at the time.

SERVICE MANPOWER

Manning Levels

112. As at 1 April 2005 the total trained strength of the Royal Navy and Royal Marines was 36,320, representing a shortfall of some 1,870 personnel (-4.9%) against the trained strength requirement of 38,190. Improvements in training wastage have been maintained, and over the last 9 months, the net monthly outflow from the service has reduced to 70. Shortages in some manpower categories remain a concern, including Nuclear Watchkeepers, Marine Engineering Artificers, Warfare Leading Hands, Air Engineering Mechanics and Submarine Medical Assistants.

	Royal Navy/Royal Marines			2005	Army			Royal Air Force		
	2005	2004	2003		2005	2004	2003	2005	2004	2003
Trained Requirement	38,190	38,720	38,510	104,170	106,730	106,980	48,730	49,890	49,640	
Trained Strength	36,320	37,470	37,600	102,440	103,560 P	102,010 P	49,210	49,120	48,900	
Variation	-1,870	-1,250	-910	-1,730	-3,170 P	-4,960 P	+480	-770	-750	
Untrained Strength	4,520	4,500	4,960	10,970	13,650	14,880	3,020	4,650	4,700	
Total UK Regular Forces	40,840	41,970	42,560	113,410	117,210 P	116,890 P	52,230	53,770	53,600	

Notes:

1. Figures are rounded to the nearest ten and may not sum precisely to the totals shown. Figures at 1 April and include UK regular forces, trained Gurkhas, full time Reserve and Nursing Services Personnel.
2. 'P' represents that figures are provisional.

113. As at 1 April 2005 the total trained strength of the Army was 102,440, representing a shortfall of some 1,730 personnel (-1.7%) against the trained strength requirement of 104,170, continuing the improvement in recent years to achieve manning balance. Despite this success the Army is nevertheless having to work hard to maintain recruitment, particularly as market research has shown parental disapproval of the Army as a job has increased, reflecting perceptions of operations in Iraq and of Army training and care in the wake of Deepcut. There have been over twenty-five operational pinch point trades in 2004-05 including recovery mechanics, radiologists, ammunition technicians, information systems engineers, explosive & ordnance and military intelligence personnel.

114. As at 1 April 2005 the total trained strength of the Royal Air Force was 49,210, representing a slight excess of 480 personnel (1.0%) against the trained strength requirement of 48,730. This excess reflected the reduced requirement following the then Secretary of State for Defence's announcement in July 2004 that the Royal Air Force would drawdown to around 41,000 by 1 April 2008, rather than an increase in RAF personnel. The manning position in the Royal Air Force in fact remained fairly stable during 2004-05 at an average deficit of about -1.35%. The RAF therefore remained within the parameters of manning balance throughout the year. Shortages in certain key branches and trades in 2004-05, such as weapons support operator (Linguist), junior officer navigators and ground support equipment technicians remained a concern.



Table 9: Performance against Manning Targets

	1 Jul 04	1 Oct 04	1 Jan 05	1 Apr 05
RN % of Trained Strength	-4.2%	-4.9%	-5.0%	-4.9%
Army % of Trained Strength	-2.7%	-2.8%	-0.5%	-1.7%
RAF % of Trained Strength	-1.4%	-1.3%	-1.2%	+1.0%

Figure 10: Service Manning Surplus/Deficit

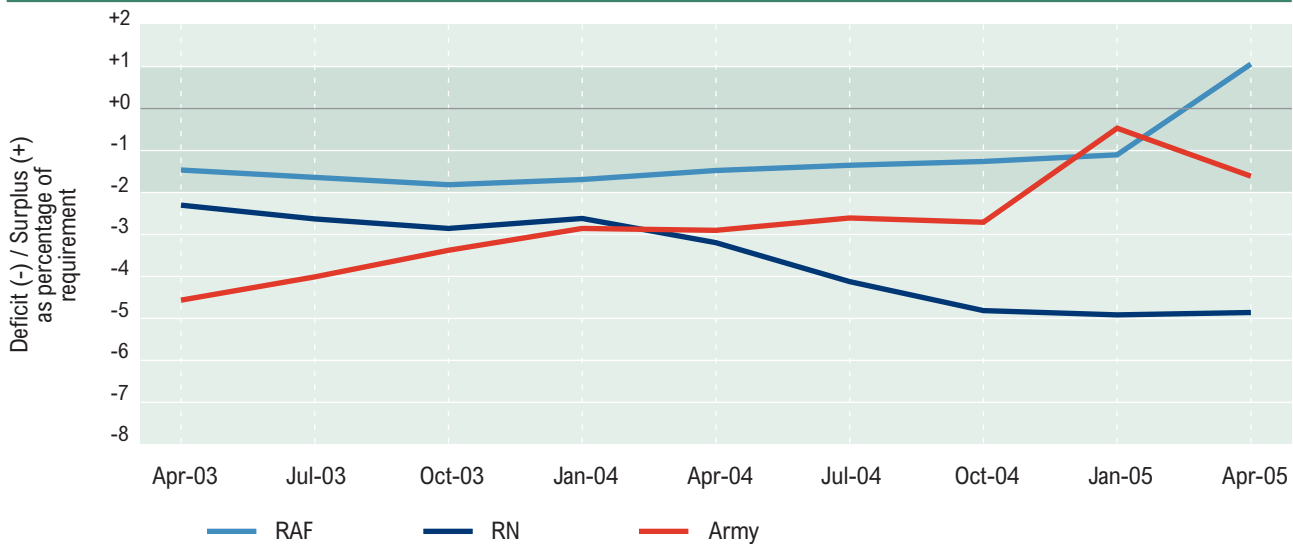


Table 10: Intake to UK Regular Forces from civilian life

	Royal Navy/Royal Marines			2004-05	Army		Royal Air Force		
	2004-05	2003-04	2002-03		2003-04	2002-03	2004-05	2003-04	2002-03
Officer intake	370	340	420	760	880	900	290	520	460
Other rank intake	3,320	3,780	4,800	10,940	14,310	15,710	1,880	3,640	3,990
Total intake	3,690	4,120	5,220	11,690	15,190	16,610	2,180	4,160	4,450

Notes:
 Figures do not include full time Reserve personnel, Gurkhas or the Home Service battalions of the Royal Irish Regiment. Figures are rounded to the nearest ten and may not sum precisely to the totals shown.

Table 11: Outflow of UK Regular Forces

	Royal Navy/Royal Marines			2004-05	Army			Royal Air Force		
	2004-05	2003-04	2002-03		2004-05	2003-04	2002-03	2004-05	2003-04	2002-03
Officer outflow	510	470	510	1,100	950	980	700	620	580	
Other rank outflow	4,130	4,300	4,780	13,970	13,640	13,580	3,020	3,410	3,670	
Total outflow	4,630	4,770	5,300	15,070	14,600	14,550	3,730	4,040	4,250	

Notes:

Figures include outflow from the untrained strength. They do not include full time Reserve personnel, Gurkhas or the Home Service battalions of the Irish Regiment. Figures are rounded to the nearest ten and may not sum precisely to the totals shown.

Defence Medical Service

115. Recruitment and retention in the Defence Medical Services (DMS) continued to improve. As at January 2005, the shortfall of medical officers stood at 15% compared with 20% in 2004, with an overall shortfall of 20% compared with 23% in 2004. Shortfalls are concentrated in the areas of General Medical Practice, anaesthetics, general surgery and Accident and Emergency for Medical Officers and Accident and Emergency and Intensive Therapy Units for nurses. The DMS are trying to improve recruitment and retention by selective re-skilling, adapting training input and outflow to address particular shortage areas and enhancing direct entry recruitment. The direct entry "Golden Hello" scheme attracted 13 General Medical Practitioners over the past year, and a total of 29 General Medical Practitioners and 8 consultants have joined the scheme since it was set up in November 2002. DMS manpower requirements are being reviewed as part of the Deployable Military Capability Study.

Premature Voluntary Release (PVR)

116. In order to gauge the success of Armed Forces personnel retention, the MoD tracks the number of Servicemen and women voluntarily leaving the Forces before the end of their agreed term, against the goal of stable long-term PVR rates of 2% and 5% for RN Officer and ratings respectively, 4% and 6% for Army Officers and soldiers, and 2.5% and 4% for RAF Officers and other ranks. Figures for the last three years are set out in Table 12. Although the Army and RAF remained within their target long term rates, all three Services saw a slight increase in PVR rates during 2004-05. It is too early to say whether this is significant. PVR rates will continue to be carefully monitored.



Medical attention for a young Iraqi child south of Basra



Table 12: PVR Exit Rates

	Stable long term PVR goals	12 month ending 31 March 2005	12 month ending 31 March 2004	12 month ending 31 March 2003
RN Officers	2.0%	2.5%	2.5% ¹	2.6% ¹
RN Ratings	5.0%	6.4%	5.7%	5.3%
Army Officers	4.0%	3.9%	3.7%	3.4%
Army Soldiers	6.0%	5.7%	5.3%	5.5%
RAF Officers	2.5%	2.4%	2.1%	2.1%
RAF Other Ranks	4.0%	3.8%	3.7%	3.9%

Note:

1 This figure is different to that published in the Annual Report and Accounts 2003-04 due to the introduction of a new exit code which was not correctly classified.

Health of Service Personnel

117. Members of the Armed Services are medically downgraded when they are unable to undertake their duties for medical reasons. Generally this means they remain 'fit for work' and work normally, but that their deployability is limited. Over the year the proportion of the total population of the Armed Forces downgraded was 11.7%. This represented a 1% increase over the previous year. The largest increases were among Army soldiers (8.3%) and RAF other ranks (2.4%). The overall increase is partly the consequence of more accurate reporting under the revised downgrading procedures, and partly linked to the current high operational tempo, since ensuring unfit personnel do not deploy on operations drives stricter compliance with downgrading criteria than would normally apply.

118. Defence Medical Services (DMS) has continued to build on the scheme introduced in April 2003 to provide fast track access to surgery where this would be beneficial for operational reasons. Potential candidates are now first assessed for fast-tracking at Regional Rehabilitation Units (RRUs) in order to increase the proportion of referrals to surgeons that are suitable for surgery. The process was further streamlined following conclusion of a contract with Errington Associates to provide radiological imaging within 10 days of referral. DMS has also concluded contracts to expand the number of NHS Trusts who take on fast-track surgery.

119. Between 1 April 2004 and 31 March 2005 452 patients were accepted onto the fast track programme. Of these, 114 have been discharged back to duty, 285 remain under treatment and 53 will not complete the process (for reasons such as leaving the forces or being posted). The relatively high number still under treatment was expected given that the entire fast track process involves early access to assessment, diagnosis, and surgical treatment followed by post-operative rehabilitation and assessment (at RRUs). This

takes time. But by cutting down on often lengthy waits for assessment, diagnosis and surgical treatment, the fast track system is contributing to the numbers available for deployment.

120. As part of our wider strategy to improve healthcare to Service patients, Defence mental health services were reconfigured to be community focused with the emphasis on local provision. Following the closure of the Duchess of Kent Psychiatric Hospital on 1 April 2004, specialist community mental health care is now provided by enhanced Departments of Community Mental Health in a number of military establishments in the UK, Germany and Cyprus. This ensures better access to mental health support within or close to an individual's unit or home. It also enables DMS mental health staff to work within their local Service community, which is more closely aligned with their operational role. Following competition, in-patient care is now provided regionally by the private Priory group of hospitals. There were 341 admissions to Priory Hospitals during 2004-05. In June 2004 Defence Medical Services signed a contract to establish a Department of Defence Mental Health, in partnership with Kings College London, as a centre of excellence for Defence mental health research and education.

RESERVES MANPOWER

121. It is Government policy to have more capable, usable, integrated and relevant Reserve Forces supporting their Regular counterparts on operations overseas. For the Reservist, this policy requires a mind-set which sees mobilised service as a likely consequence of his Reserve service, rather than a theoretical commitment only. This is recognised by the Reserve community. The Volunteer Reserve Forces of each service and Regular Reserves served on operations in 2004-05. They provided up to 10% of total UK Forces deployed on Operations in Iraq during 2004-05, as well as supporting operations in Afghanistan, the Balkans and the

Democratic Republic of the Congo. The number of mobilisations from January 2003 to March 2005 is equivalent to 32% of the current strength of the Volunteer Reserve Forces. The continued use of the Reserves across operations at all scales of effort has demonstrated that they are fully integrated into the force generation process, and that the intention to make them a more relevant and usable component of military capability is being fulfilled.



Member of the Reserves on reconstruction work

122. The three primary roles of the Reserves are to augment the regular forces for enduring operations, to provide additional capability for large scale operations, and to provide specialist capabilities. As a result of their greater integration and increased capability, including some specialist capabilities that are now unique to the Reserves, no medium or large scale operation can be undertaken without their support. They also provide a civil contingency reaction capability for crises in the UK and maintain links between the military and civilian communities. There are three distinct elements to the Reserve Forces:

- the Volunteer Reserve Forces, comprising the public who voluntarily undertake military training, for which they are paid, in their free time. In return they accept a liability for call out when required to supplement the Regular Armed Forces on operations;
- most members of The Regular Reserve Force have a liability for reserve service as a result of previously completed regular service. This liability is limited by total length of service and typically lasts between 3 to 6 years (dependent on Service), or until a total of 22 years of regular service and subsequent reserve liability has been completed, which ever comes first;
- Sponsored Reserves who are civilians with a liability for service through their employment contract. Examples include Heavy Equipment Transporters drivers and Ro Ro crews.

A breakdown of Reserve strengths is shown in Table 13.

Table 13: Strength of the Reserve Forces at 1 April 2005 ^[1]

	Regular Reserves			Volunteer Reserves		
	RN/RM	Army	RAF	RN/RM ^[2]	Army ^[3]	RAF ^[4]
Strength	10,530	31,420	8,440	3,610	37,260	1,480
<i>of which mobilised</i>	-	170	-	-	1,460	-
Individuals liable to recall	11,650	102,760	26,720	*	*	*
TOTAL	22,180	134,190	35,160	3,610	37,260	1,480

Notes:

^[1] Figures exclude Full-Time Reserve Service personnel

^[2] Excludes University Royal Navy Unit personnel

^[3] Includes Officer Training Corps and non-regular permanent staff

^[4] Excludes University Air Squadron personnel

- denotes zero or rounded to zero

* denotes not applicable



123. Over the course of 2004-05 the MoD undertook a number of initiatives to improve support to the Reserves and making their continued use sustainable. The Defence publication *Future Use of the Reserve Forces* outlines a commitment to provide Reservists and their employers 28 days notice to report for mobilisation wherever possible and an aspiration to limit mobilised service to 12 months in aggregate over five years unless no viable alternative exists. The MoD has also implemented a new *Defence Directive on Employer Support*, aimed at ensuring the maintenance of a supportive environment with the civilian employers of reservists and for dealing with any problems which arise. Welfare and medical support for Reservists has been reviewed and a number of recommendations covering support to Reservists at home and abroad are being implemented. We also laid before Parliament on 23 March 2005 new regulations improving the provision for financial awards to Reservists and employers when mobilised (Statutory Instrument no. 859 of 2005, available at www.legislation.hmso.gov.uk).

124. Reserve Forces structures must support the demands of future operations and each of the Services has been reviewing the role and shape of their Reserves to ensure that they continue to deliver the desired operational capability. This will require ever-closer integration between the Regular and Reserve elements of the Services. In order better to meet the demands of future operations, some Reserve sub units and individual Reservists, such as logistic, medical and other specialists, whose skills are among those more likely to be required, are now at higher states of readiness than parts of the Regular Forces. The structure of Reserve Forces will be changed so that they can provide manpower for areas under pressure such as intelligence analysts, logisticians, engineers and other key enablers. Work to refine the future structure of the Territorial Army in particular is expected to come to a conclusion over the coming year.

Civil Contingency Reaction Forces

125. Civil Contingency Reaction Forces based on the command and control structure of Territorial Army units and including volunteers from all the Volunteer Reserve Forces are now operating in support of the defence and security of the UK. They are designed to support the national emergency services in the full range of emergency events which may require the deployment of a large disciplined manpower component.

CIVILIAN MANPOWER

Civilian Contribution to Operations

126. An increasing number of UK based civilian staff, currently around 200 at any one time, deploy to operational theatres alongside their uniformed colleagues. They work with military commanders as Policy Advisers as well as providing local contractual, secretariat and financial advice to deployed forces. In addition, personnel from the Defence Science and Technology Laboratory, the Defence Fire Service and the Ministry of Defence Police have made a valuable contribution to operations over the last year.

127. As at 1 April 2005, 22,070 MoD Civil Servants worked within the three Service front line commands and at the UK's Permanent Joint Operating Bases (Cyprus, Gibraltar, the South Atlantic islands and Diego Garcia). 36,110 worked in the three service personnel and training commands and the Defence Logistics Organisation. 34,570 staff, including around 7,360 in the MoD Police and Guarding Agency, worked in the Defence Procurement Agency and research and central support functions (for example bill paying, financial management and estates) and in the Department's Whitehall Head Office. In addition, the MoD employed 15,660 Locally Engaged Civilians at bases and in operational theatres outside the UK.

128. The 2,375 personnel of the Royal Fleet Auxiliary Service regularly deploy to operational theatres alongside their uniformed colleagues, operating a range of Naval Auxiliary ships to provide support to the Front Line.

Staff Numbers

129. The Department employed 108,470² Full Time Equivalent civilian staff on 1 April 2005. This is a decrease of approximately 580 over last year's figure of 109,050 Full Time Equivalent staff. Overall, the figures for UK-based staff have actually decreased by about 850 but this was been off set by an increase of 230 Locally Engaged Civilians overseas, the bulk of whom are being temporarily employed on an aid project in Sierra Leone.

²The civilian workforce numbers quoted in this report are against the Civilian Workforce Level 0 definition that was agreed following public consultation in line with National Statistics Protocols (see www.dasa.mod.uk for more information).



Civilian and RAF personnel working together

130. As part of the 2004 Spending Review the MoD committed to reducing the number of civilian posts in administrative and support roles by 11,000 (including 1,000 Locally Engaged Civilians) by the end of March 2008 – a reduction of about 10%. The reduction is largely driven by the Department's own change and efficiency programme to make the most of the resources available for Defence including by improving the efficiency and effectiveness of the administrative and support functions that civilians are employed in. The main reductions in the size of the workforce will arise from the Defence Logistics Transformation Programme, Defence Training Rationalisation, the People Programme, and the introduction of the Defence Information Infrastructure. The reductions will be managed mainly through a combination of reduced recruitment and early release. We do not expect numbers of compulsory redundancies to be necessary, but this may be unavoidable in some isolated locations if it is not possible to offer alternative posts nearby to staff who want to stay.

131. Set against the requirement to reduce numbers across the board, there are number of programmes in place across Defence to address skills shortages in key areas. These include targeted in-service training and development for project managers, professional development schemes for contracts and finance officers and investment in post-graduate study for IS/IT experts. More generally, a network of functionally based Skills Champions covering the whole department was established during the year to provide a strategic overview of the developmental needs of staff within particular disciplines.

Civilian Recruitment

132. The Spending Review Announcement in July 2004 committed the Department to civilian manpower reductions. The recruitment figures for 2004-05 were consequently lower than in the previous two financial years and are expected to fall further in future (see Table 14). However, despite this reduction in recruitment, diversity figures have remained constant and in some cases have improved. The number of women as a percentage of the total industrial and non industrial staff recruited has shown a slight, but consistent increase (from 37.8% in 2002-03, 38.9% in 2003-04 to 40.5% in 2004-05). We intend to maintain targeted recruitment in certain specialist functions and to ensure an adequate supply of future senior managers.

133. The recruitment information shown in Table 14 has been produced on a different basis from that shown in the Departmental Performance Report in previous years and now includes figures for the recruitment of all permanent and temporary (casual) civilian personnel including Trading Fund staff. Additional recruitment information, in accordance with the Civil Service Commissioners' Recruitment Code, can be found at Annex F.

Table 14: Civilian Recruitment

	2004-05		2003-04		2002-03	
	Non Industrial	Industrial	Non Industrial	Industrial	Non Industrial	Industrial
Total Number recruited	5,480	1,700	6,530	2,710	6,180	3,170
Number and percentage of women	2,440 44.5%	470 27.5%	3,020 46.2%	580 21.3%	2,800 45.3%	740 23.2%
Number of people with declared minority ethnicity	130	20	160	20	160	~
Number of people with declared disabilities	40	20	40	10	50	20

Notes:

1. The current information shown has been produced by DASA and is compiled on a different basis from that previously used for Departmental Performance Report in order to bring it into line with other reporting on recruitment. The figures cover all permanent and casual civilian personnel including Trading Fund staff. No recruitment information is available for Royal Fleet Auxiliary or Locally Engaged Civilian personnel.

2. ~ = Strength of less than ten or percentage based on strength of less than ten.

3. All figures are on a Full Time Equivalent basis.

4. All figures have been rounded to meet Freedom of Information requirements and protect confidentiality.



Civilian Sickness Absence

134. The number of days lost through sickness absence of Non-Industrial employees continued to reduce steadily during 2004-05 to an average of 7.3 working days per staff year against a target of 7.5 days. We monitored the position for our Skill Zone staff with a view to introducing sick absence targets for all employees from March 2007. The average number of working days lost for all MoD civilian employees (including Skill Zone but excluding Locally Engaged Civilians) fell to 8.4 days in the year to 1 April 2005. The MoD compares favourably with the wider Public and Private Sectors. In 2003 (the last full year for which figures are available) 7.6 days per staff year were lost to sickness absence across the whole MoD (including Trading Funds but excluding Locally Engaged Civilians), compared to 10.0 days across the whole Civil Service and 6.9 – 7.8 days in the Private Sector. Nearly half (49.1%) of MoD Non Industrial staff had no recorded sick absence during 2003, against a Civil Service average of 36.3%. Defence was the joint best performer (with the Home Office) among Departments with over 10,000 staff.

135. Whilst this is encouraging, there is still more to do. Absence reporting for civilians was among the first of the new e-enabled HR services rolled out under the People Programme. From April 2005, the absence project will deliver real-time recording and improved management information through a straight forward reporting process, with an emphasis on the relationship between the individual and line manager. We are also carrying out a 6 month review of arrangements for occupational health services and sickness absence management with the aim of improving the way we currently manage sickness absence. The review will examine in particular how data on sickness absence is analysed, how new IT systems can help disseminate data more widely, what managers' responsibilities should be for handling cases of sickness absence, how IT can help them carry out their responsibilities and what training they will require to do so.

Civilian Progression

136. The Department sets itself a number of targets in relation to civilian progression which look at promotion to the Senior Civil Service, success rates for 'In Service Nominations' to the Civil Service Fast Stream and Management Development Programme pass-rates at the Assessment and Development Centre (A&DC) for promotion to Band B. We have made good progress against challenging targets. Despite reducing numbers and a low turnover there were 16 substantive promotions to the SCS during 2004-05 against a target of 18. Our In Service Nomination success rate for the Fast Stream was 38% against a target of 49%. 77% of

MoD Fast Stream applicants were successfully promoted through the MoD A&DC against a target of 85% (here the percentage targets relate to a few individuals and are therefore very sensitive to small changes in numbers). For the MoD's internal scheme to identify and develop internal talent (MIDIT), 57% of applicants were promoted through the A&DC against a target of 60%.

DIVERSITY

Race Equality Scheme

137. The MoD and the Services remain strongly committed to equality of opportunity and good relations between people from all ethnic groups. The Defence Race Equality Scheme, encompassing the Armed Forces, the MoD civil service and the MoD Police, was published in May 2002 covering the period 2002 to 2005. It sets out how we intend to fulfil our obligations under the Race Relations (Amendment) Act 2000. The MoD continues to make progress towards full implementation of the Scheme and a second progress report was published in December 2004. Some particular achievements are described below but much remains to be done. The scope of the Scheme is under review and it will probably be extended to 2006 pending the preparation of a new wider equality scheme to reflect race and forthcoming additional diversity legislation. Both the Race Equality Scheme and progress reports (2003 and 2004) are available on the Department's website (www.mod.uk).

Recruiting

138. Although we continue our Outreach efforts, the Department still experiences difficulties in attracting ethnic minorities. The current changes to the Department further limits opportunities to bring in new recruits. However, our record for managing and retaining ethnic minority personnel is good. A framework for the management of through-life equality and diversity training and education for defence has been developed and a guide on religion and belief for the Armed Forces and MoD civil service is being prepared. The Department continues to undertake a systematic analysis of policies and procedures as set out in the Race Equality Scheme and is in the process of developing an Equality Proofing Tool to facilitate the process. The Department's commercial policy group has now agreed with trade associations a new standard condition of contract which will be included in all contracts to reflect our undertakings under the race legislation. We have participated again in the Business in the Community's Race for Opportunity benchmarking scheme and the Armed Forces have again finished among the top five public sector organisations.

Table 15: Recruitment of UK ethnic minorities

	2005-06 Target	2004-05		2003-04	
		Achieved	Target	Achieved	Target
Navy	3.5%	2.3%	3%	2.1%	2.5%
Army	3.9%	3.7%	3.4%	2.8%	2.9%
RAF	3.6%	1.7%	3.1%	1.8%	2.6%

Note: these figures are unaudited single Service estimates of UK ethnic minority intake.

139. All three Services continued to commit significant effort and resources to engage black and other ethnic minority groups to raise awareness of the Armed Forces and make it a career of first choice. This includes a wide range of recruiting and outreach activities with particular emphasis on high ethnic minority population areas, especially Greater London. The Department aims to achieve 8% ethnic minority representation by 2013, with incremental representation goals of 5% by 2004 and 6% by 2006. By the end of 2004 overall ethnic minority representation had increased to 5.2% across all three Services (compared to 4.9% at 1 April 2004), comprising 3.3% of the Royal Navy, 8.6% of the Army and 2.4% of the RAF. Performance against in-year ethnic minorities recruitment targets is set out in Table 15. The RAF, and to a lesser degree the Navy, fell short of their recruiting goals for the year. The RAF's main difficulty stemmed from the recruiting door effectively being closed at the start of the year (overall intake targets were reduced by 50% in-year), combined with the loss of the traditionally more productive Summer ethnic minority recruiting period because jobs had already been filled.

Service Equal Opportunities and Diversity

140. Although service in the Regular Armed Forces requires personnel to accept an open-ended commitment to serve whenever and wherever they are required, we have continued to develop policies designed to improve their work-life balance where this does not compromise operational effectiveness, including providing opportunities for non-standard working, home-working and career breaks. As at 1 April 2005, women comprised 9.0% of UK Regular Forces, and 10.5% of the total 2004-05 intake. During 2004-05, the UK co-chaired the Committee for Women in NATO Forces which considered a range of gender-related issues in an international context. We have also revised and issued guidance on the provisions for Servicewomen on maternity leave.



Guardsmen on parade



141. Arrangements were announced for the appointment of Buddhist, Hindu, Muslim and Sikh chaplains to the Armed Forces. Interviews for the Chaplains' posts have now taken place. Appointments will be made as soon as possible, subject to the completion of the usual employment and security checks and any notice period which the selected applicants have to serve with existing employers. Comprehensive guidance for Commanding Officers on religion and belief matters has already been issued.

Civilian Equal Opportunities and Diversity

142. Considerable effort has also gone into improving civilian diversity and we are making progress across the board, although we are not yet meeting central civil service targets. Details are set out in Table 16. The MoD has good diversity and work-life balance policies. We achieved a Silver Award in the 2004

Opportunity Now benchmarking exercise and were in the top 100 employers in Stonewall's Corporate Equality Index 2005. Minority representation is, broadly speaking, improving. It is still lower than we would like, especially at the highest levels, but there are some encouraging indicators. Representation and pass rates of minority groups at the 2004-05 Assessment and Development Centre for promotion from Band C to Band B (the main feeder grade for entry to the Senior Civil Service) was in line with their representation at Band C. This indicates that under represented groups are progressing within the Department. We expect the trend of increasing representation at Band B and the Senior Civil Service to continue. A total of 561 candidates were seen at the 2004-05 Assessment and Development Centre. 218 were successful, including 54 of the 106 women, 5 of the 13 ethnic minority staff, and 8 of the 21 disabled staff attending.

Table 16: Percentage of Women, Ethnic Minority and Disabled Non-Industrial Civilian MoD Staff

	2006 Target	2004-05		2003-04		2002-03	
		Target	Achieved	Target	Achieved	Target	Achieved
Total Senior Civil Servants in the MoD³							
Women	15.0	15.0	9.2	13.0	8.8	11.0	8.0
Ethnic Minorities	3.2	3.2	2.2	3.0	2.2	2.9	1.7
Disabled	2.0	2.0	3.3	1.9	3.0	1.7	1.5
Band B							
Women	18.0	16.0	18.5	15.0	16.6	14.0	14.3
Ethnic Minorities	3.5	3.0	2.4	2.7	2.5	2.4	2.3
Disabled	4.0	4.0	2.4	3.6	2.0	3.2	2.1
Band D							
Women	40.0	40.0	37.6	38.0	36.1	36.0	34.3
Ethnic Minorities	4.0	4.0	2.9	3.5	2.9	3.0	2.9
Disabled	6.0	6.0	4.2	5.8	4.2	5.6	4.7

Notes:

1. Percentages of Ethnic Minority Staff calculated as percentages of staff with known ethnicity status.
2. Percentages of Disabled staff have been calculated as percentages of total staff.
3. Senior Civil Service data covers SCS and equivalent analogue grades e.g. medical consultants.

143. A number of initiatives are underway to help increase our performance against our diversity targets. We have been an active member of the Civil Service Diversity Champion's Network, sharing best practice in respect of positive action training and work-life balance. We have also produced a Unified Diversity Strategy and are establishing a Diversity Communications Strategy and Plan. This includes working with MoD's key diversity focus groups (the Ethnic Minority Steering Committee, Disability Steering Committee, and the Lesbian, Gay, Bisexual and Transgender Steering Committee) to take forward the diversity agenda, and launching two new Women's Networks. We have also commenced a study into Senior Civil Service diversity to identify and overcome barriers to achieving a more diverse Senior Civil Service.

144. A number of important childcare initiatives are also underway. We have chaired the Interdepartmental Working Group on Childcare Provision and are leading a project to produce a childcare toolkit and to assist Departments to select the most appropriate form of childcare support to meet their business needs. The toolkit is available on the Cabinet Office web site www.diversity-whatworks.gov.uk. We intend to introduce a salary sacrifice for childcare vouchers from 2006 to enable individuals to sacrifice an element of their salary in return for a non-cash benefit such as childcare vouchers.

FURTHER SOURCES OF INFORMATION

145. Additional information on Manpower is available from the following sources:

- quarterly PSA reports to HM Treasury at www.mod.uk;
- UK Defence Statistics 2005;
- *Analysis of Sickness Absence in the Civil Service 2003*;
- Room for improvement: CBI absence and labour turnover, 6 Jun 04. Published in association with AXA. Available from CBI. ISBN: 0852015992;
- Employee absence 2004: A survey of management and practice. CIPD Survey Report 2004 available at www.cipd.co.uk;
- Statutory Instrument no. 859 of 2005, available at www.legislation.hmso.gov.uk/si/si2005/20050859.htm;
- *Future Use of the Reserve Forces* available at www.mod.uk;
- *A guide to Employers of Reservists* at www.sabre.mod.uk;
- 2002 Race Equality Scheme and progress reports (2003 & 2004) at www.mod.uk.

ESTATE

Objective: Maintain an estate of the right size and quality to achieve defence objectives.

Public Service Agreement Targets (SR2002 MoD Targets 4 and 7)

Recruit, train, motivate and retain the personnel needed to meet the manning requirement of the Armed Forces:

- Improve the condition of the housing in which our people live. There will be substantial new investment in family accommodation in the UK to improve the living conditions of Service Personnel and their families to Standard 1 for condition by November 2005.

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

- Identify for disposal land and buildings with a Net Book Value of over £300M (from 1 April 2002 to 31 March 2006).

Performance Measures and Assessment

Improve Single Living Accommodation to Grade 1 standard by delivering 5,947 Grade 1 bed spaces through Project SLAM and other projects:

- **5,816 new-build bed spaces delivered in 2004-05 through Project SLAM and parallel projects.**

Improve Service Family Accommodation in the UK by upgrading 2,000 family houses to Standard 1 for condition:

- **2,610 Service family houses upgraded in 2004-05. 24,000 houses at Standard 1 for condition and 18,000 at Standard 2 for condition. Over 97% of the long term core stock now at Standard 1 or 2 for condition.**

Improve Customer Satisfaction in Defence Housing:

- **Dissatisfaction in quality of service provided reduced from 22% to 17%.**

Achieve gross estates disposal receipts of £126M and identify land and buildings for disposal with cumulative value of £258M by April 2005:

- **Accrued gross disposal receipts from surplus land and property of £211.6M in 2004-05 (in addition to £278M in 2002-03 and £207M in 2003-04);**
- **Assets with Net Book Value of £165M transferred to Defence Estates in 2004-05 for disposal, producing cumulative value of £395M.**

Demonstrate reduction of through-life costs and timeframes by using prime contracting methods, and by producing methodology to assess value for money efficiencies by 31 March 2005:

- **Housing management margin reduced from 12.2% to 11.2% (target 10.7%);**
- **Regional Prime Contract (South West) went live on 1 June 2004, Regional Prime Contract (South East) awarded on 4 March 2005;**
- **Successful delivery of stand alone Prime Contracts and other Public Private Partnership projects;**
- **Several collocations and rationalisation initiatives planned.**



THE DEFENCE ESTATE

146. The purpose of the Defence estate is solely to support the delivery of defence capabilities. Delivering this means that the Ministry of Defence is one of the largest landowners in the UK with a diverse estate of some 240,000 hectares¹ (1% of the UK mainland) valued at some £15.3Bn. The built estate occupies around 80,000 hectares² (comprising naval bases, barracks/camps, airfields, research and development installations, storage and supply depots, communications facilities, family quarters and town centre careers offices). The rural estate comprises some 160,000 hectares³ of training areas, small arms ranges, test and evaluation ranges and aerial bombing ranges. This includes 179 Sites of Special Scientific Interest, the largest number owned by any Government Department. In addition, MoD owns 1,611 listed buildings and scheduled monuments across both the built and rural estate.

147. The overseas estate mainly consists of garrisons in Germany, Cyprus, Falkland Islands and Gibraltar. There are also major training facilities in Canada, Cyprus, Germany, Norway, Poland and Kenya with other facilities in Ascension Islands, Belize, Brunei, Nepal, Singapore and USA. In addition the Overseas Division of Defence Estates (DE) has provided support to the Operational Military Work Areas of Iraq, Afghanistan and the Balkans in the form of forward deployed Defence Estates Advisors and a dedicated rear based support team.

148. Defence Estates is responsible for the maintenance and management of the defence estate. The way in which the estate is managed has changed radically in recent years and continues to evolve. These changes include the separation of supply (Defence Estates) and demand (users) functions and the introduction of Prime Contracting, reflecting Smart Acquisition principles. The MoD is also rationalising the Defence estate with significant disposal of land and buildings. In particular we are working to rationalise the number of service headquarters and focus on fewer sites with resulting operational benefits.

MAINTENANCE OF THE ESTATE

Single Living Accommodation

149. Project SLAM (Single Living Accommodation Modernisation) is a Functional Prime Contract to upgrade Single Living Accommodation for the Armed Services across England, Wales and, to a lesser

extent, Scotland. It follows the announcement in 2001 by the then Secretary of State for Defence of an additional £1Bn of new funding over the following ten years for raising accommodation standards for military personnel. The first five-year phase of the contract, was awarded to Debut Services Ltd (DSL) in December 2002 and construction work began in April 2003. The contract awarded to DSL will deliver some 9,000 single bed spaces, most with en-suite facilities, providing a greatly improved living environment for the Services in contrast to the multi-occupancy rooms traditionally provided on many MoD sites.

150. In 2004-05 Project SLAM delivered 1,862 bed spaces against the target of 1,640, spending £128M. HRH the Duke of Edinburgh opened the first completed project at the Royal Marines Base at Poole in May 2004. The second completed project at Dalton Barracks, Oxfordshire was opened in July 2004 by the then Under Secretary of State, followed in October by the formal opening of 'Slim Mess' at the Royal Military Academy Sandhurst by Viscount Slim. Feedback from occupants has been very positive and the popularity with users is a clear endorsement of the improved living environment provided by the project. Other completed schemes include the Royal Marine Base at Condor, Alexander Barracks, Middle Wallop and at RAF Shawbury, RAF Coningsby and RAF Waddington.

151. Running parallel to SLAM are a number of separate and existing projects to modernise single living accommodation in Scotland, Northern Ireland, Germany, Gibraltar and Cyprus. This year these projects delivered 3,954 bed spaces against a target of 4,307, including 534 bed spaces overseas, mainly in Germany. The slight shortfall is largely the consequence of over performance in 2003-04 (3,347 bed spaces delivered against a target of 2,500), which included some projects brought forward from within this year's programme.



Completed SLAM accommodation at RM Poole

¹In addition MoD has rights to some 125,000 hectares.

²In addition MoD has rights to some 5,400 hectares.

³In addition MoD has rights to some 120,000 hectares.



Service Family Accommodation

152. Defence Estates is also responsible for some 49,000 Service Family Accommodation (SFA), of which nearly 43,000 properties are considered to be long-term core stock. It is intended that the remainder will be handed back to Annington Homes Limited or disposed of in the near future. A programme is underway to improve the standard of SFA to a defined standard for condition. The Standard for Condition is a points system based on a score determined by the age, presence or condition of 102 attributes relating to Health & Safety, Sanitary, Kitchen, Energy Efficiency, Building Fabric, Electrical, Security and Bedroom Standard. Standard 1 properties achieve the top standard in all categories. Typically a Standard 2 house would be lacking in no more than one of these attributes.



Service family accommodation

153. The target for 2004-05 was to upgrade a further 500 SFA to Standard 1 for Condition, based on the original funding level. However, additional funding was identified in-year enabling delivery of 2,610 housing upgrades. Of the long-term core stock, in the region of 24,000 are currently at Standard 1 for Condition and nearly 18,000 are at Standard 2. The MoD currently have some 900 properties at Standard 3 and only 100 at Standard 4. Over 97% of core SFA stock is currently held at Standard 1 or 2 condition.

ESTATE MANAGEMENT

Estate Rationalisation

154. A key facet of MoD's estate strategy is to provide an estate of the right size and a rigorous programme is underway. This year proposals have been developed for the collocations involving the Defence Logistics Organisation, Navy, Army and RAF Headquarters, and the Defence Intelligence Staff. We also plan to collocate the Defence Medical Education and Training Agency with the Royal

College of Defence Medicine, and rationalise the Army Training and Recruitment Agency estate.

155. There is also a specific project to deliver major investment and restructuring of the MoD Estate in London, known as Project MoDEL. The Project is pursuing a new procurement strategy, Prime Contracting Plus, which will enable the contract to be entirely self-funding over its lifetime; the value of the sites that are released as a result of consolidation will be utilised to fund the construction. Following considerable interest from industry, outline bids were received in February 2005. Selection of the successful bidder is anticipated later in 2005.

Estate Disposals

156. During the year assets with a Net Book Value of £165M were transferred to Defence Estates for disposal. Receipts from Estates Disposals of £211.6M (Gross) were achieved against a target of £126M. The most notable disposal was that of Northumberland House in central London, following the reoccupation of the refurbished Main Building. Estates Disposals now stand at £697M of receipts against the Spending Review 2002 target of £500M for the period up to 2006.



Permanent Memorial to honour VC and George Cross Holders

Lyons Review

157. The Lyons Review was conducted by Sir Michael Lyons in 2003-04. It was aimed at stimulating regional economies outside the South East and concluded that Government should lead in moving jobs into the regions and in improving its asset (including estate) management. Following the Lyons Review, the Government committed to relocating 20,000 civil service (including military) posts out of the South East region by 2010. MoD committed to relocate some 3,900 posts by this date. We have already delivered over 1,200 and remain on track to deliver the rest in 2008-09.

Management of Housing

158. The merger of Defence Estates and the Defence Housing Executive was completed by 31 March 2005. The efficient management of housing is assessed using the housing management margin, which measures the overall proportion of houses that are vacant, excluding housing earmarked for disposal in the next 12 months. In 2004-05 DE disposed of 1,012 properties and reduced the housing management margin from 12.2% to 11.2% against a target of 10.7%. Some vacant housing was retained pending future estate rationalisation decisions. Subject to these decisions and Service Personnel movements, the rigorous programme to identify and dispose of property for which there is no longer-term requirement will continue.

159. Satisfaction with the quality of Service Family Accommodation and the service provided by DE improved during the year. Performance measured against responses to the 2004 Customer Attitude Survey showed that DE achieved a one percentage point reduction, from 18% to 17%, in the level of dissatisfaction with the quality of property provided as SFA. DE also achieved a 5 percentage point reduction from 22% to 17% in the level of dissatisfaction with the quality of service provided to SFA occupants.

160. During the year the NAO looked at the housing services overseas. They concluded that we are meeting the objective of having housing available, but that we need to improve our customer focus, improve professionalism and introduce a performance management system and culture. The report also highlighted the effect of housing quality and operational effectiveness, and states that "48% of occupants overseas considered housing to be the most important contributor to their quality of life." The conclusions are being studied and initiatives established to address the issues. The full report *Quality of Housing Services to Service Families Overseas* can be found on the NAO web-site. In May 2005 the NAO issued a further report, *Managing the Defence Estate*, into the Department's management of the estate. This concluded that we had made good progress in meeting the challenges of creating an estate fit for purpose.

Prime Contracts

161. Regional Prime contracting is intended to deliver 30% through life value for money efficiencies in estate management by 2009-10 (against a baseline for 2004-05). Through improvements in supply chain management and collaborative working with industry, the Prime Contracts will meet the requirements of customers, provide value for money and improve the delivery of estate services. The Regional Prime Contract for the South West went live on 1 June 2004. The Regional Prime Contract for the South East was awarded on 4 March 2005, slightly delayed by the complexity of the final negotiations. The remaining two contracts covering the Central and Eastern regions will be awarded in 2005-06.

162. The Prime Contract for Housing in England and Wales was delayed as a result of the change from an input specification (where tasks to be done are explicitly defined) to an output specification (final outcomes are detailed but not how to achieve them). This change reflects best practice, but delayed the planned award of the Housing Prime Contract until August 2005.

163. Further work was undertaken to ensure that through-life Value for Money (VFM) efficiencies from the introduction of Prime Contracting could be identified and tracked. As part of the wider Estate Performance Measurement System a VFM model has been developed in parallel with the roll out of Prime Contracting and pilots at nine MoD locations are currently underway. These pilots were successfully completed in July 2005. The first performance report against the VFM model is due in October 2005 for the Scotland Regional Prime Contract.

Project Aquatrine

164. Project Aquatrine is one of the Government's largest Private Finance Initiative (PFI) deals, worth £2.3Bn over 25 years. The project is split into three geographic regions across the estate, encompassing the MoD's sewage works, water processing plants and water mains, sewers and drains, removal of surface water and water supply for fire fighting use. The project is already delivering better value for money, whilst mitigating water management risk through the transfer of responsibilities to the service provider. Package A, the first of the three contracts covering the South and West of England and Wales, was awarded on 17 April 2003. Package B, covering Scotland, was awarded to Thames Water Nevis Ltd on 7 September 2004. Package C, covering North, East and South-East England was awarded to a consortium comprising Seven Trent and Costain on 15 December 2004. Project Aquatrine now covers the entire MoD estate in Great Britain.



SUSTAINABLE DEVELOPMENT

165. Defence Estates continued to be the lead for the Department on the estate-related aspects of the Sustainable Development agenda. Performance is reported through MoD's Sustainable Development Report 2003-04 and against the Estate Strategy performance indicators in the Stewardship Report for the Defence Estate 2004. Highlights during the year included 70.1% of Sites of Special Scientific Interest (SSSI) in England, Scotland and Wales formally assessed as meeting favorable (unfavorable recovering) condition against a target of 95% by 2010; the publication of the Energy Strategy in November 2004; and the achievement of the target set by the Department of Environment, Food and Rural Affairs through the Framework for Sustainable Development on the Government Estate. Defence Estates is on course to publish the remaining Framework Strategies (Estates Management, Procurement and Social Impacts) by the target date of December 2005. Further information on sustainable development can be found in the essay on pages 76-77.

FURTHER SOURCES OF INFORMATION

166. Additional information on Estate is available from the following sources:

- quarterly PSA reports to HM Treasury at www.mod.uk;
- UK Defence Statistics 2005;
- NAO Report *Quality of Housing Services to Service Families Overseas*, published 10 March 2005; HC 342 Session 2004-2005 available at www.nao.uk;
- NAO Report *Managing the Defence Estate*, published 25 May 2005, HC 25 Session 2005-2006 available at www.nao.uk;
- Sustainable Development Report 2003-04, available at www.mod.uk;
- MoD Sustainable Development Delivery Strategy for Non-Operational Energy. Located at www.mod.uk;
- House of Commons Environment, Food and Rural Affairs Committee Report *Sites of Special Scientific Interest: Conserving the Jewels of England's Natural Heritage*, Fourteenth Report HC 475, published 15 July 2004;
- The *2004 Stewardship Report* on the Defence Estate available at www.defence-estates.mod.uk;
- Defence Estates Annual Report and Accounts 2004-05;
- Defence Estates Framework Document;
- *Securing the Future – UK Government sustainable development strategy*, Cm 6467 available at www.sustainable-development.gov.uk/publications/uk-strategy/uk-strategy-2005.htm.

ESSAY – Sustainable Development in Defence

In March 2005 the Government launched its new Sustainable Development Strategy *Securing the Future*. Alongside four agreed priorities – sustainable consumption and production, climate change, natural resource protection and sustainable communities - is a commitment that Government will lead by example. The document sets the policy context for Government and, in particular, highlights the active role that Departments should play in facilitating an improved quality of life for current and future generations.

The Ministry of Defence (MoD) makes substantial contributions in support of the Government's strategy on sustainable development and yet the business of defence is rarely connected with the aims of this broad-based agenda. The Department is committed to developing a more integrated approach on sustainable development issues and to communicating its progress on a regular basis to all interested stakeholders.

An Integrated Vision

The Defence Vision is to 'deliver security ... and to act as a force for good by strengthening international peace and stability', and this resonates closely with sustainable development aspirations. The Department's policy emphasis is on conflict prevention and the MoD's operational activities include providing post-conflict recovery measures. By working in collaboration with the Foreign and Commonwealth Office and the Department for International Development, the MoD serves to support the establishment of stable and safe environments around the world. It is only from this context of stability and democracy that sustainable development goals can be pursued on a global basis.

A Sustainable Estate

Preserving the Department's operational readiness demands a well-maintained estate that is fit for purpose. The MoD has a long standing commitment, articulated in its Estate Strategy, that the estate is developed and managed in a manner which is sensitive to the community and the natural environment. In reality this means developing integrated planning solutions that use acknowledged best practice techniques, such as the MoD's Sustainability Appraisal Handbook, as well as engaging across the organisation with a range of stakeholders at local, regional and national levels. This consultative approach provides direct support to the Government's wider social agenda to create sustainable communities. As a major construction client, the Department is also working hard to promote and deliver sustainable construction in support of Government objectives, including those on climate change. By working with our industry partners and developing defence-specific assessment methodologies, the MoD aims to be at the forefront of delivering against the Government's Achieving Excellence initiative for construction.

Adopting a long term, holistic view

In *Securing the Future* the Prime Minister described sustainable development as 'an agenda for the long term'. Delivering defence is predicated on careful planning that, where possible, seeks to 'future proof' the decisions that the Department makes today. For example, the MoD's recruitment strategies must continue to sustain the capability of our Armed Forces, and the procurement programme must provide technologically advanced equipment to uphold the new force structures necessary for a changing world. The Department's approach is to employ a whole life perspective that seeks to achieve a balanced, representative workforce (by applying the principles of corporate social responsibility), endowed with equipment for which the environmental and social impacts of its development, use and disposal have been minimised (by using Project Oriented Environmental Management Systems).



Reporting Progress

Much of this work is captured and reported in the Department's first Sustainable Development Report 2003/4, which highlights the MoD's performance against 16 key themes within 5 categories:

- 1.Sustainable Development and Environmental Management in Defence (environmental management, appraisal and assessment);
- 2.Environmental Protection in Defence (Biodiversity, Climate Change, Heritage, Land Remediation, Waste, Water) ;
- 3.Defence as an Employer (Diversity, Health, Safety and Well-Being, Investors in People, Work-life balance);
- 4.Defence in the Community (Community Involvement and Volunteering);
- 5.Defence and the Economy (Equipment and Construction Procurement).

The report also demonstrates how the Department is progressing against the targets set by the Framework for Sustainable Development on the Government Estate, part of the Sustainable Development in Government initiative, lead by the Department of Environment, Food and Rural Affairs. The report can be viewed in full at www.mod.uk.

REPUTATION

Objective: Enhance our reputation with the UK public and internally within MoD and the Armed Forces.

Performance Measure and Assessment

5% increase in positive responses in aspects of Defence where the level of positive responses is less than 70%:

- Overall average of 57.7% positive replies to external opinion survey, an increase of 0.5% on the position at December 2003;
- The perception of defence within our workforce is broadly similar to that of the public as a whole. Support for defence objectives remains extremely high.





PERCEPTIONS OF DEFENCE

167. Defence is a complex and sometimes controversial business. The MoD therefore invests considerable effort in communicating accurately and effectively the day-to-day work of the Department and the Services in order to ensure that Parliament, the media and the public have an accurate perception of what we are doing and why. The successful achievement of Defence objectives depends on the support of both the UK public, on whose behalf we work, and of the people inside the MoD and Armed Forces. It is therefore essential to the MoD and the individual Services to know what both the external and internal audience think of Defence. The Department also therefore carries out periodic public opinion surveys and surveys of staff, using an independent market opinion company, to test the reputation of the MoD and the Armed Forces.

COMMUNICATING THE WORK OF THE DEPARTMENT

168. We communicate the work of Defence through a number of different channels. As a Government Department the MoD invests considerable time and effort in informing Parliament of our business and responding to Parliamentary questions (see Annex B). MoD Press Officers engage in day-to-day liaison with the media. They respond to questions from journalists as stories develop and provide the media with the factual background required. In addition to Parliamentary and media business, the MoD uses a number of other means to explain its work and to provide information to the public. The MoD website (www.mod.uk) is updated regularly to cover new issues as they emerge. The online photographic library (www.defenceimagedatabase.mod.uk) is particularly popular and in the first three months of 2005 received over 29M "hits". Nearly 60 Defence National Statistics releases were made in 2004-05 on the DASA website (www.dasa.mod.uk).

169. On 1st January 2005, the Code of Practice on Access to Government Information was superseded by the Freedom of Information Act 2000. This placed the requirement to respond to requests for information on a statutory footing. Under the terms of the Act, a substantive reply normally has to be provided within 20 working days, and information must be disclosed unless an absolute exemption applies or there is an overriding public interest in refusal. In the three months to 31st March 2005, 1,843 requests had been made to MoD. Of these, 81% were answered within 20 working days, and 67% resulted in full disclosure of the information requested. Further information on the implementation of the FOI Act can be found in Annex F.

170. Each year we conduct a wide array of activities to which the public is invited. The Defence Touring Exhibition visits events, such as air shows and county shows during the Summer months and in the past has attracted in excess of 100,000 visitors. The five regional Defence Schools Presentation Teams aim to visit 750 secondary schools across the country each year, with some 150,000 children taking part. The Royal Navy, Army and RAF have Presentation Teams that undertake an annual UK tour to explain their roles and responsibilities to invited audiences and the Services also participate in events which give the public the chance to view their skills and professionalism at first hand. Examples in 2004-05 included the RAF's involvement in the International Air Tattoo at Fairford and the international celebrations to commemorate the 60th Anniversary of D-Day.

REPUTATION AMONG UK PUBLIC

171. Like any large organisation, the MoD carries out occasional opinion surveys to test the reputation of the MoD and the Armed Forces. These surveys are conducted both within the Department and with members of the British public. The aim of these surveys is to identify where any action may be taken by us to enable people to be better informed on defence issues. Analysis of the public opinion surveys reveals there is a high level of public support for the work and professionalism of the Armed Forces (see Table 17). In a recent poll undertaken by Ipsos, 81% of people said that the UK needs strong Armed Forces, while 70% thought that the Armed Forces have the highest professional standards. On the other hand, only 26% of people thought that we spend taxpayers' money wisely, but this represents an improvement over the last survey conducted in December 2003.

INTERNAL COMMUNICATION

172. We believe that our own people are vital ambassadors for what we do, and we are committed to keeping all of our staff, military and civilian, in touch with the latest developments in Defence. It is vital that everybody involved in the Defence enterprise understands the work of the Department and the part they play in it. We provide our people with information which is honest, straightforward, clearly expressed, timely and which matches our external messages, and have a number of systems for keeping people up to date both with major announcements by Ministers and with changes which are of more local interest.

Table 17: External Opinion Survey Results (Percentage of Positive replies)

Statement	March 2005	December 2003	Change
UK needs strong armed forces	81%	84%	-3%
Confidence in the ability of the UK Armed Forces to defend the UK	82%	85%	-3%
UK Armed Forces make the world a safer place	71%	77%	-6%
Confidence in the ability of UK Armed Forces to defend overseas territories	74%	81%	-7%
UK Armed Forces have the highest professional standards	70%	70%	0%
The UK Armed Forces look after their people	63%	60%	+3%
Confidence in the ability of UK Armed Forces to protect UK overseas economic interests	61%	60%	+1%
MoD is as open as it can be about its activities	37%	46%	-9%
UK Armed Forces are well equipped	53%	38%	+15%
MoD and UK Armed Forces promote their best people regardless of race, gender, religion or sexual orientation	56%	49%	+7%
UK Armed Forces make a positive contribution to wider communities	47%	42%	+5%
MoD should support British Industry's efforts to export military equipment	43%	38%	+5%
MoD and UK Armed Forces carry out their activities with due regard to the environment	36%	34%	+2%
MoD spends taxpayers' money wisely	26%	23%	+3%
Overall positive responses:	57.7%	56.9%	+0.8%

Note: Survey undertaken in March 2005 of 1,871 adults aged 15+ across sampling points in Great Britain

173. The main way to disseminate important information is the command (or line-management) chain; the routine cascade from the top management to staff. The command chain is supported by a number of other communication channels:

- Corporately, we have an in-house defence news and information service which provides electronic briefing notes, updates to our corporate website and intranet and our own monthly defence newspaper ("focus");
- The single Services have their own websites, intranets and service publications (Navy News, Soldier, RAF News), along with separate channels for internal briefing;
- Other constituent parts of the Department (Agencies, Top Level Budget areas and smaller, down to individual units and special-interest groups) have their own internal channels for disseminating messages;
- Our major internal programmes have their own bespoke communication plans, using the above channels to get their messages across to our staff along with conferences, mail shots, posters road shows and other media.

REPUTATION AMONG SERVICE AND CIVILIAN PERSONNEL

174. We also review how we are perceived by our own people, and we are developing improved methods to find out and track what they think and why. The information we have suggests that the perception of defence within our workforce is broadly similar to that of the public as a whole. Support for overarching defence objectives remains extremely high among Service personnel and MoD Civil Servants.

FURTHER SOURCES OF INFORMATION

175. Additional information on Reputation is available from the following sources:

- detailed Opinion Surveys published on www.foi.mod.uk;
- *The Pattern of Military Low Flying across the United Kingdom 2004/2005* available at www.mod.uk.



ESSAY – Defence Training and the Wider Economy

Defence is one of the UK's largest employers. In 2004-05 some 17,500 people joined and 23,000 left the Armed Services, reflecting changing manpower requirements. The average length of Service of those leaving the Armed Forces is about 12 years. In the long term the Services provide a significant pool of qualified and well motivated personnel, including managers and technicians at all levels. Service personnel are increasingly well equipped to find employment in both the public and private sectors on leaving the Forces, benefiting not only the individuals concerned, but also the wider economy and the nation as a whole.

Nationally Recognised, Portable Qualifications

The Armed Forces need to recruit and train personnel from a breadth of vocational and academic backgrounds to fill more than 300 specialist career paths. As well as training to meet operational needs, there are many opportunities for personnel to gain nationally recognised civilian qualifications through the accreditation of Service education, training and experience, as well as through other lifelong learning opportunities. These range from basic skills to postgraduate level qualifications. The initiatives contribute to the recruiting, career development and retention components of personnel strategies and to the wider agenda of "Government playing its part".

Basic Skills in Literacy, Language and Numeracy

Approaches to Basic Skills have varied between the Forces, reflecting the differing needs and the legacy training and education systems of each Service. Basic skills are needed to support training and employability, as well as being of clear benefit to individuals. Addressing the Basic Skills needs of Service personnel is a high priority, and the MoD is working hard towards developing timely assessment and support for new entrants and addressing the needs of its present workforce. Examples of initiatives include the ability to conduct initial assessments in recruiting offices; provision of in-house tutor support partnerships with colleges and other training providers and the establishment of a network of learning centres with ICT-based assessment, support and testing facilities and access to the learndirect suite of programmes.

Qualifications – Achievement

Training takes place in over 140 training establishments, in the workplace, and in operational environments. We work to maximise opportunities to gain civilian qualifications at all levels. For instance, over 5,000 Heavy Goods Vehicle (HGV) licences were awarded by the Department in 2004-05, about 27% of the annual average number of HGV licences awarded in the UK. The MoD also had more registrations for Apprenticeship programmes in 2004-05 than any other central Government department. Significant numbers were in key areas such as communications and engineering, but they had a very wide range overall, also including such areas as supply, retail and customer care, hospitality, horse care and health care. Over 4,700 Apprenticeships and over 1,800 Advanced Apprenticeships were completed across the Services. The Forces are also at the cutting edge of Foundation Degree developments which provide routes to progression to Honours Degree level for a cohort of staff who previously did not have such readily accessible opportunities. Current programmes include areas such as aeronautical and electrical engineering, applied computing and business and management.

Each Service provides individuals with opportunities and support for personal development. For example, the 125 Army Learning Centres provide a range of learndirect courses for the Wider Defence Community. As of December 2004, 30,000 learners had completed 65,000 courses in IT, Business and Management, or Skills for Life.

The Defence Academy, with over 3000 students provides education at undergraduate and postgraduate levels for Armed Forces' officers and civil servants. Qualifications include the Diploma in Management from the Chartered Management Institute, Master of Defence Administration and M Phil/PhD and MSc/MA degrees in a variety of subjects from Cranfield University.

The Future

We are committed to playing our part in upskilling the national workforce and, on a broader front and as a major employer, to help shape and influence national qualifications and skills policy. To achieve this we are enhancing our relationships with major external stakeholders. This includes working closely with the DfES, the Qualifications Curriculum Authority, the Cabinet Office, the Adult Learning Inspectorate, the Sector Skills Development Agency, key Sector Skills Councils and the Learning and Skills Council. This will benefit individual Service personnel, Defence as a whole, and the wider economy.

Case Studies

Darren Holland joined the Royal Navy in 1997 with four GCSEs. He undertook his apprenticeship with the Royal Navy where he gained skills and experience in a demanding engineering environment. He then served on operational ships to consolidate his engineering training. In 2002-03 he attended the Naval Engineering College, HMS SULTAN and undertook professional training for Leading Marine Engineering Mechanic. For the past two years he has used this experience on board HMS MONMOUTH. After going for an interview with "Abus Crain's" as a Service Engineer, the employer was so impressed with his qualifications and experience that they offered him employment as an Engineer Service Coordinator. They particularly liked his NVQ 3 in Electrical Engineering which he gained earlier this year.

Sergeant Mark Benson joined the Royal Signals in October 1995 and during his career has worked his way to become a well-qualified telecomms specialist. He has now secured employment as a project manager with Tubedale, a communications company based in Liverpool. They particularly liked the broad technical experience that he has developed throughout his service. The future employer was also drawn to Sergeant Benson's proven planning and coordination skills, managerial experience and the qualifications he has gained whilst serving with the Royal Signals. During his service, Sergeant Benson was the first of his Corps to be awarded a Modern Apprenticeship in Telecommunications, gaining an NVQ Level 3 in March 1999. He went on to pass successfully a BTEC National Diploma in Telecommunications Engineering in July 2002 and then obtained a BTEC National Diploma in Foundation in CCTV and CCTV Installation in April 2003.



An apprentice during training