ANNUAL REPORT ON THE NATIONAL SECURITY STRATEGY AND STRATEGIC DEFENCE AND SECURITY REVIEW

1. In the 2010 National Security Strategy, the Government undertook to publish an annual report on the implementation of the National Security Strategy and of the Strategic Defence and Security Review for the Joint Parliamentary Committee on the National Security Strategy. This is the third Annual Report.

2. This report outlines the developing global context, including security risks that have emerged over the last year. It summarises significant progress against the National Security Tasks and on related issues including defence transformation. Finally, it notes wider issues and offers initial reflections on lessons identified to date. In taking this approach, the report seeks to respond to JCNSS comments on the 2012 Annual Report.

3. The 2010 Strategic Defence and Security Review recommended a wide-ranging package of work to improve our national security and better protect the interests of the UK at home and overseas. It set out a complex and challenging set of commitments, in many cases requiring early investment to deliver the benefits. Overseen by the National Security Council, which drives both long-term strategy and operational delivery, implementation is overall on track: good progress has been made on over 90% of those commitments and many are now fully implemented. The Government is committed to maintaining its focus to ensure that progress is maintained and all of the commitments delivered.

A. Global context of security challenges since November 2012.

4. Over the past year, domestic and international security challenges facing the UK have continued to evolve. Regional conflict and instability in the Middle East and North Africa have persisted. Syria, despite the deal on removal of chemical weapons, remains riven by conflict, with implications for wider peace and stability in the region and beyond. Al Qa'ida and associated terrorists have also exploited areas of Yemen, Mali and other regions lacking effective governance and extending into sub-Saharan Africa. But we have also seen the first significant breakthrough on the Iran nuclear dossier for a decade.

5. The 2010 National Security Strategy identified a number of major risks, classified into three tiers, which the adaptable posture of the Strategic Defence and Security Review was designed to address. This section provides a brief overview of the extent to which these risks have materialised during the past year.

6. While some risks remain as they were (the threat of a conventional attack on the UK by another state remains low), others have seen a shift in their overall nature (the threat from international terrorism has evolved and regionalised); and some continue to grow (unconventional threats from state and non-state actors, in areas such as cyber and organised crime). Economic factors - lack of growth in Europe, uncertainty in the Euro-zone and the EU's neighbourhood - have continued to provide context for our national security interests.

Tier one

- **International terrorism affecting the UK or its interests, including a chemical, biological, radiological or nuclear attack by terrorists; and / or a significant increase in the levels of terrorism relating to Northern Ireland.**

The threat in the UK from international terrorism remains "Substantial". The threat from Northern Ireland Related Terrorism remains at "Severe" in Northern Ireland and "Moderate" in Great Britain.

- **Hostile attacks upon UK cyber space by other states and large scale cyber-crime.**

Cyber attacks continue to cost the UK economy billions of pounds per annum and pose a significant national security threat. In response, a sustained National Cyber Security Programme, now in its delivery phase, is transforming our understanding of the cyber threat and improving the UK's cyber defences in parallel with greater investment from the private sector. Furthermore, as previously announced, the Ministry of Defence is investing in offensive cyber capabilities to broaden options in dealing with the cyber threat.

- **A major accident or natural hazard which requires a national response, such as severe coastal flooding affecting three or more regions of the UK, or an influenza pandemic.**

Government continues to support the cross-government pandemic influenza programme, and closely monitors cases of influenza and other infectious diseases across the globe. There have been no recent incidents of avian influenza on the UK mainland; variants of the virus have, however, been recorded in other areas of the world including cases of the highly pathogenic H7N9 in China. At this stage the virus is not transmissible between mammals; however, another milder variant, H7N7, recently detected in Italy, is transmissible. A virus which is both highly transmissible and potentially fatal to humans remains possible.

The year ended with the most serious coastal flooding for over 60 years. Between 4th and 7th December 2013, we saw a combination of a deep depression and strong winds driving a storm surge, large waves and high tides leading to record sea levels along many parts of the coast, some of which were higher than those seen during the devastating floods of January 1953. Over 2,800 kilometres of flood defences were put to the test by the coastal surge and over 160,000 homes and businesses received a flood warning. Initial estimates suggest that more than 800,000 properties would have flooded were they not protected by flood defences. However, around 1,400 properties were flooded - some which were undefended and others where flood defences failed - but there were no major impacts on critical national infrastructure. For very high risks such as flooding, the Government ensures that bespoke arrangements and capabilities are in place. The success of this strategy has been demonstrated in the response to this East Coast flooding, where national monitoring rapidly identified the impending flood and communicated the risk to local responders. This early warning enabled mobilisation at the local level, preparations

in line with their emergency plans, and orderly evacuations to take place where necessary. The arrangements appear to have worked very well, but we will be looking closely to identify lessons; and where more needs to be done we will make improvements.

- **An international military crisis between states, drawing in the UK, and its allies as well as other states and non-state actors.**

The last 12 months have seen continuing crises within states, for example in Mali and Syria. In the case of Syria, the risk remains that the crisis may spread beyond Syria's borders in a manner that could result in an international crisis between states.

Tier two

- **An attack on the UK or its Overseas Territories by another state or proxy using chemical, biological, radiological or nuclear (CBRN) weapons.**

None.

- **Risk of major instability, insurgency or civil war overseas which creates an environment that terrorists can exploit to threaten the UK.**

Over the year, we have seen continuing instability and conflict overseas, which have the potential to lead to the development of a terrorist threat to the UK or its interests. In particular, the risk of a terrorist threat to the UK emerging from the conflict in Syria is a serious concern. This is in addition to the risks we face from instability or conflict in other areas of the Middle East, North Africa, the Sahel and South Asia.

- **A significant increase in the level of organised crime affecting the UK.**

The UK continues to be targeted by organised crime, with law enforcement estimating that there are around 5,500 active organised crime groups operating against the UK, comprising about 37,000 people. A recent Home Office study provides the most accurate estimate to date of the social and economic costs of organised crime in this country at a minimum of £24 billion a year[1], lying within the previous estimate of £20-40 billion per year. These figures represent a more accurate judgement of the threat from organised crime than ever before.

- **Severe disruption to information received, transmitted or collected by satellites, possibly as the result of a deliberate attack by another state.**

None.

[1] Understanding Organised Crime: Estimating the scale and the social and economic costs – October 2013.

Tier three

- **A large scale conventional military attack on the UK by another state (not involving the use of CBRN weapons) resulting in fatalities and damage to infrastructure within the UK.**

None.

- **A significant increase in the level of terrorists, organised criminals, illegal immigrants and illicit goods trying to cross the UK border to enter the UK.**

Since 2012, we have seen evidence that the level of both illegal immigrants and illicit goods trying to cross the UK border has increased in certain areas. This includes the number of clandestine entrants claiming to be Syrian and Albanian, the increased detection of fraudulent documents and goods, and the increased marketing of new psychoactive drugs. Regional conflict (including in Syria and Egypt) has increased the potential threat to the security of our borders. Continued international capacity-building as well as improvements to pre-departure checks work to mitigate wider threats as a result of regional conflict. In light of the increased threats to the border, the Government has tightened security by undertaking 100% checks for all individuals crossing the border; increasing vigilance at the border to detect trafficking and protect vulnerable people; implementing new technology to detect clandestines attempting to enter the UK; and by better profiling and targeting to intercept illegitimate and dangerous goods.

- **Disruption to oil or gas supplies to the UK, or price instability, as a result of war, accident, major political upheaval or deliberate manipulation of supply by producers.**

Over the last year, we have seen some volatility of oil price, but not such as to lead to release of International Energy Agency oil stocks.

- **A major release of radioactive material from a civil nuclear site within the UK which affects one or more regions.**

None.

- **A conventional attack by a state on another NATO or EU member to which the UK would have to respond.**

None.

- **An attack on a UK overseas territory as the result of a sovereignty dispute or a wider regional conflict.**

Although Argentina has continued to challenge UK sovereignty of the Falkland Islands through diplomatic activity and measures designed to isolate the Islands and cause them economic damage, HMG continues to safeguard the rights of the

Islanders to self-determination; and there has been no military escalation, nor any change to the defensive posture we have maintained on the Falklands since the conflict in 1982.

- **Short to medium term disruption to international supplies of resources (e.g. food, minerals) essential to the UK.**

None.

B. Overall progress with national security tasks and transformation.

7. The 2010 National Security Strategy set out the major goals of ensuring a secure and resilient UK and of shaping a stable world, along with ways to achieve these. The Strategic Defence and Security Review detailed the various means through which we planned to deliver these goals. Since 2010, we have been systematically tracking our progress against the commitments in this plan.

8. Chart 1 illustrates the trends in implementation of all 220 commitments made in the Strategic Defence and Security Review as assessed at six monthly intervals since 2010. This uses a simple colour-coded “traffic-light” system ranging from blue denoting “completed / delivered” through to black meaning “extremely problematic”.

9. Over the past three years, the Government has steadily implemented the commitments made. Over 90% of our commitments are on track: 28% are completed, 33% fully on track, 33% satisfactory, and 6% problematic.

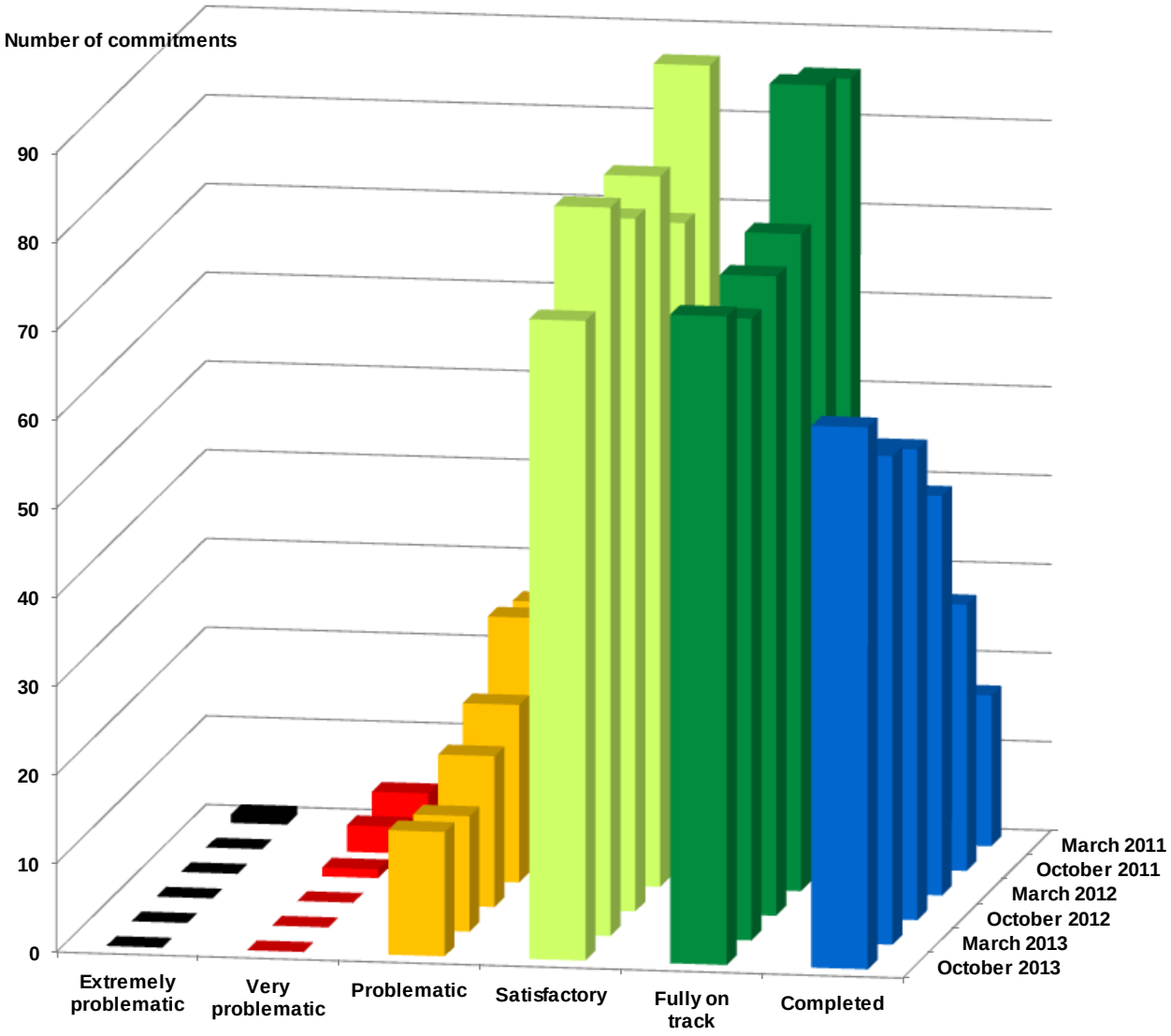

Chart 1: Progress in implementation of Strategic Defence and Security Review commitments as assessed at six-monthly intervals since October 2010.

National Security Strategy core objectives: **To ensure a secure and resilient UK by protecting our people, economy, infrastructure, territory and way of life from all major risks that can affect us directly; and to shape a stable world by acting to reduce the likelihood of risks affecting the UK or British interests overseas, and applying our instruments of power and influence to shape the global environment.**

	Extremely problematic	Very problematic	Problematic	Satisfactory	Fully on track	Completed	
Task 1: To identify and monitor national security risks and opportunities.			**3**	**5**	**3**	**1**	**12**
1a. A coordinated approach to early warning and horizon scanning				1	1		**2**
1b. Strategic intelligence on potential threats to national security and opportunities for the UK to act				1			**1**
1c. Coordinated analysis and assessment of the highest priorities				1	2	1	**4**
1d. Investment in technologies to support the gathering of communications data vital for national security and law enforcement			1				**1**
1e. Intelligence assets to support the core military, diplomatic and domestic security and resilience requirements set out below, and our economic prosperity			2	2			**4**
Task 2: Tackle at root the causes of instability.			**0**	**1**	**4**	**4**	**9**
2a. An effective international development programme making the optimal contribution to national security within its overall objective of poverty reduction, with the Department for International Development focusing significantly more effort on priority national security and fragile states					1		**1**
2b. Civilian and military stabilisation capabilities that can be deployed early together to help countries avoid crisis or deal with conflict				1	3	1	**5**
2c. Targeted programmes in the UK, and in countries posing the greatest threat to the UK, to stop people becoming terrorists						3	**3**
Task 3: Exert influence to exploit opportunities and manage risks.			**0**	**8**	**6**	**4**	**18**
3a. A Diplomatic Service that supports our key multilateral and bilateral relationships and the obligations that come from our status as a permanent member of the UN Security Council and a leading member of NATO, the EU and other international organisations				4	1		**5**
3b. A Foreign and Commonwealth Office-led global overseas network that focuses on safeguarding the UK's national security, building its prosperity, and supporting UK nationals around the world				2	1	1	**4**
3c. Coordinated cross-government effort overseas to build the capacity of priority national security and fragile states to take increasing responsibility for their own stability						1	**1**
3d. Strategic military power projection to enhance security, deter or contain potential threats, and support diplomacy				2	4	2	**8**
Task 4: Enforce domestic law and strengthen international norms to help tackle those who threaten the UK and our interests, including maintenance of underpinning technical expertise in key areas.			**0**	**10**	**3**	**6**	**19**
4a. Law enforcement capability to investigate and where possible bring to justice terrorists and the most seriously harmful organised criminal groups impacting on the UK				6	2	4	**12**
4b. Continuous development of the rules-based international system				2		1	**3**
4c. Stronger multilateral approaches for countering proliferation and securing fissile material and expertise from malicious use				1	1	1	**3**
4d. Retention of our chemical, biological, radiological and nuclear science and technology capabilities that contribute to counter-proliferation and our response to the potential use of such materials by terrorist or state actors				1			**1**
Task 5: Protect the UK and our interests at home, at our border and internationally, to address physical and electronic threats from state and non-state actors.			**3**	**11**	**7**	**13**	**34**
5a. A minimum effective nuclear deterrent				1	2	1	**4**
5b. Secure borders			3	3	1	2	**9**
5c. Security and intelligence services and police counter-terrorism capability to disrupt life-threatening terrorist threats to the UK						2	**2**
5d. Military capabilities to help protect the UK from major terrorist attack				2		1	**3**
5e. An independent ability to defend the Overseas Territories militarily						1	**1**
5f. Investment in new and flexible capabilities such as cyber to meet emerging risks and threats				5	4	6	**15**
Task 6: Help resolve conflicts and contribute to stability. Where necessary, intervene overseas, including the legal use of coercive force in support of the UK's vital interests, and to protect our overseas territories and people.			**0**	**3**	**6**	**6**	**15**
6a. An integrated approach to building stability overseas, bringing together better diplomatic, development, military and other national security tools				1	2	1	**4**
6b. Armed forces capable of both stabilisation and intervention operations				2	4	4	**10**
6c. A civilian response scaled to support concurrency and scale of military operations						1	**1**
6d. The military ability to help evacuate UK citizens from crises overseas							**0**
Task 7: Provide resilience for the UK by being prepared for all kinds of emergencies, able to recover from shocks and to maintain essential services.			**3**	**6**	**5**	**6**	**20**
7a. Security and resilience of the infrastructure most critical to keeping the country running (including nuclear facilities) against attack, damage or destruction						1	**1**
7b. Crisis management capabilities able to anticipate and respond to a variety of major domestic emergencies and maintain the business of government			1	2			**3**
7c. Resilient supply and distribution systems for essential services			2	4	1	4	**11**
7d. Effective, well organised local response to emergencies in the UK, building on the capabilities of local responders, businesses and communities					3	1	**4**
7e. Enhanced central government and Armed Forces planning, coordination and capabilities to help deal with the most serious emergencies					1		**1**
Task 8: Work in alliances and partnerships wherever possible to generate stronger responses.			**4**	**14**	**9**	**1**	**28**
8a. Collective security through NATO as the basis for territorial defence of the UK, and stability of our European neighbourhood, as well as an outward-facing EU that promotes security and prosperity.			3	4	4		**11**
8b. Our contribution to international military coalitions to focus on areas of comparative national advantage valued by key allies, especially the United States, such as our intelligence capabilities and highly capable elite forces				5	3		**8**
8c. Greater sharing of military capabilities, technologies and programmes, and potentially more specialisation, working with key allies, including France, and based on appropriate formal guarantees where necessary			1	5	2		**8**
8d. A Defence Industrial and Technology policy that seeks to secure the independence of action we need for our Armed Forces, while allowing for increased numbers of off-the-shelf purchases and greater promotion of defence exports						1	**1**
Defence transformation			**1**	**12**	**21**	**11**	**45**
SDSR implementation oversight, reporting and revision				**2**	**9**	**9**	**20**
Overall Red/Amber/Green progress status figures	**0**	**0**	**14**	**72**	**73**	**61**	**220**

Table 1: Progress with National Security Tasks and related planning guidelines, defence transformation, and Strategic Defence and Security Review implementation oversight: total number of Strategic Defence and Security Review commitments in progress status categories as assessed in October 2013.

10. The National Security Strategy and Strategic Defence and Security Review set out eight cross-cutting National Security Tasks supported by planning guidelines. These reflect the risks and related challenges facing the country, and specify the ways of achieving our goals. The Strategic Defence and Security Review detailed the means of delivery.

11. For October 2013, Table 1 shows progress towards the eight National Security Tasks along with defence transformation measures and the processes introduced for Strategic Defence and Security Review implementation oversight. The Table shows the total number of commitments in each progress category, colour-coded as in Chart 1. Some Tasks are essentially **on track** in that more commitments are judged either fully on track or completed than otherwise. This is the case for tackling the root causes of instability, exerting influence to exploit opportunities and manage risks, protecting the UK and our interests, helping to resolve conflicts and contribute to stability, and providing resilience for the UK. It is also the case for defence transformation and SDSR implementation oversight.

12. The picture for other tasks is more **mixed** in that a number of commitments have elements requiring action. This is the case for identifying and monitoring national security risks and opportunities, enforcing domestic law and strengthening international norms, and working in alliances and partnerships. In many of these cases, our progress is constrained by factors impossible for the UK to control directly, for example international macro-economic, political and commercial developments.

13. The following sub-sections provide further detail on progress with the Government's priority commitments for each National Security Task and for defence transformation. Progress with Tasks is rated as either essentially "on track" or more "mixed" as defined above.

i. Identify and monitor national security risks and opportunities

14. HMG is committed to reviewing the **National Security Risk Assessment** (NSRA) every two years. The next NSRA is due at the end of 2014. It will in turn inform the 2015 National Security Strategy and Strategic Defence and Security Review. The aim of the NSRA will remain: to identify, assess and prioritise all major disruptive risks which seriously threaten UK national security interests, at home and abroad, in the next 5 to 20 years, which are of a scale or impact sufficient to require action from Government.

15. In preparation for the 2014 exercise, work has already begun to capture the lessons from the production of the 2010 and 2012 NSRA, and to conduct a thorough review of the methods to ensure that the NSRA remains a robust evidence-base to inform the National Security Strategy, including the use of expertise from outside Government.

16. It has been a Government priority to introduce a programme to preserve the ability of the security, intelligence and law enforcement agencies to have the

access they require to **communications data.** Communications data have played a role in 95 per cent of all serious organised crime investigations and every major Security Service counter-terrorism operation over the past decade. The **Communications Capabilities Development Programme** continues to provide essential capabilities under existing legislative frameworks, ensuring that the police and other public authorities have the capacity to detect, prevent, disrupt and investigate crime. As communications technologies and services continue to evolve, we need to ensure that the communications data needed by the police and others continue to be available. Changes to the existing legislative framework may be required to maintain these vital capabilities.

17. The overall rating for this Task, taking account of all commitments, is "mixed" as defined in paragraph 12.

ii. Tackle at root the causes of instability

18. Failed or fragile states provide an environment conducive to terrorism; therefore HMG's priorities for this task cover both Building Stability Overseas and Counter-Terrorism.

19. There are two priorities under the **Building Stability Overseas Strategy** (BSOS). The first has been to move Government's efforts to up-stream conflict prevention. To achieve this, Government has improved its Early Warning Analysis, created an Early Action Facility (EAF) of £20 million per annum, and increased the number of Conflict Pool projects that look to deliver outcomes that support up-stream conflict prevention. Over the last year, the Government has reviewed both the risks and the conflict mitigation strategies for a number of countries. In Financial Years 2012/13 and 2013/14, we have so far spent or committed some £29 million in rapid response work in Syria, Libya, Lebanon, Somalia and Mali. We continue to provide multi-year funding for Conflict Pool programmes, as effective conflict prevention strategies sometimes take longer to deliver results.

20. The other BSOS commitment is to increase to 30% the proportion of UK Official Development Assistance (ODA) that supports fragile and conflict-affected states by 2014/15, doubling the amount we spend on such activities by the end of the Spending Review period. The Autumn Statement confirmed that the government will meet its commitment to spend 0.7% of the UK's Gross National Income (GNI) on ODA for the first time in 2013, and meet our promise to the world's poorest. We will be the first G8 country to reach the 0.7% target.

21. DFID's allocation process, following the Bilateral Aid Review, will ensure that the Spending Review commitment for 30% of ODA to be directed to conflict-affected and fragile states by 2014/15 will be met. Scenario planning, and the ability to respond flexibly to changing circumstances, in terms of the choice of partners, instruments and objectives, will be critical. Circumstances on the ground, particularly in the most difficult contexts, will be constantly monitored by DFID Ministers.

22. With clear strategic guidance from the National Security Council, a new £1 billion **Conflict, Stability and Security Fund** will build on the success of the existing Conflict Pool by bringing together more resources for these activities. This will ensure a strong cross-government approach that draws on the most effective combination of defence, diplomacy, development and security assistance to tackle the causes and manifestations of conflict and instability abroad, as set out in the National Security and Building Stability Overseas Strategies.

23. The Fund will be accompanied by real changes to decision-making structures and the analysis that underpins these, including by refining the Countries at Risk of Instability Index. We aim to put new governance arrangements in place before 2015/16.

24. The **Counter-Terrorism** priority under this task has been to review our most sensitive and controversial counter-terrorism and security powers. The Government review of counter-terrorism and security powers was published in January 2011 and resulted in changes to counter-terrorism legislation. In December 2011, control orders were abolished and replaced with Terrorism Prevention and Investigation Measures (TPIMs). When we cannot prosecute or deport, a range of disruptions are available, including TPIMs which give the Security Service and police powerful measures to help manage the risk posed by such individuals.

25. The review of counter-terrorism powers also recommended that the limit on pre-charge detention should be reduced from 28 to 14 days. This change was introduced through the Protection of Freedoms Act 2012, which received Royal Assent on 1st May 2012. The review also led to new stop and search powers under section 47A of the Terrorism Act. To date there has been no use of these powers.

26. Powers contained in Schedule 7 to the Terrorism Act 2000 enable the police to stop, search and question people at the border and at ports. The Government has completed a review of the operation of Schedule 7 and a public consultation on proposals to amend how the powers might operate in future. We have published the Government's response to that consultation; and proposals to amend the legislation have been included in the Anti-Social Behaviour, Crime and Policing Bill currently before Parliament.

27. The killing of Drummer Lee Rigby in Woolwich earlier this year was the impetus for the Prime Minister to set up the Extremism Task Force (ETF) to identify those areas where our current approach to tackling extremism and radicalisation was lacking. The ETF reported on 4th December and set out a range of practical steps to tackle all forms of extremism. One of the conclusions of the Task Force was that we have been too reticent about challenging extreme Islamist ideologies in the past, in part because of a misplaced concern that attacking Islamist extremism equates to an attack on Islam itself.

28. Overseas, the Government has continued to work closely with international partners to mitigate the threat posed by terrorist groups, in particular Al Qa'ida

and its affiliates. Much of this work has focused on building security and justice capacity within those countries seeking to contain a terrorist threat, including through the establishment of justice and human rights partnerships, as set out by the Foreign Secretary in his February 2013 speech on Countering Terrorism Overseas. It also includes activity to counter extremist influences which originate overseas and can radicalise individuals in the UK and elsewhere. This work is supported by the FCO's Counter-Terrorism Programme fund and coordinated with action undertaken through the EU, UN and the Global Counter-Terrorism Forum (GCTF). Defence continues to play a pivotal role, principally through capacity-building projects in other countries across a spectrum of military competences. The FCO coordinated efforts to resolve terrorist kidnaps of British nationals, cooperating closely with the MOD when the use of military assets was required, and worked with the travel industry to raise awareness of areas where the risk of kidnap is high. At Lough Erne, Leaders focused on the issues of terrorism in North West Africa and agreed for the first time unequivocally to reject ransom payments to terrorists. G8 Counter-Terrorism Advisers have subsequently recommended a focus on: how States could collaborate on preventing kidnaps before they take place, through training and the sharing of travel advice; support for the Global Counter-Terrorism Forum as the mechanism to coordinate counter-terrorism support in North and West Africa; and how respective state's crisis machinery could benefit from each other's shared experience.

29. HMG reviewed the National Security Risks Assessment at the end of 2012 and concluded that terrorism remained a Tier One risk for national security.

30. The overall rating for this Task, taking account of all commitments, is "on track" as defined in paragraph 11.

iii. Exert influence to exploit opportunities and manage risks

31. HMG's priorities under this heading lie in regional / country strategies (which also concern structural reform and implementation) and in defence.

32. Our **diplomatic network** is the essential infrastructure of Britain's influence in the world. To support the UK in the global race for growth we are significantly strengthening our network, deploying more staff to the fastest growing regions, up-grading existing posts and opening new ones. In total, we are opening or up-grading up to 20 new Embassies, consulates or trade offices, including offices which are now open in El Salvador, Liberia, Haiti, Laos and South Sudan, and deploying around 300 extra staff in more than 20 countries. The work we have in hand at the FCO is designed to ensure that Britain's influence in the world is expanding, not shrinking, that we are connected to the fastest growing parts of the globe, and that we retain a global leadership role on the greatest challenges of our time.

33. We have now opened or up-graded fourteen posts: Port-au-Prince (Haiti), Mogadishu (Somalia), Juba (South Sudan), Abidjan (Cote d'Ivoire), Bishkek (Kyrgyzstan), San Salvador (El Salvador), Antananarivo (Madagascar), Vientiane

(Laos), Calgary (Canada), Recife (Brazil), Seattle (USA), Monrovia (Liberia), Hyderabad (India), and Asunción (Paraguay).

34. Work is underway on opening a new Deputy High Commission in Chandigarh (India) early next year, where our new Deputy High Commissioner is already in place. We are seeking approval from the Indian authorities to open further offices around India. We are in discussion with the Chinese authorities about the future opening of a Consulate General in Wuhan.

35. **Commercial Diplomacy** is an important component of the wider Prosperity agenda, which brings together all the actions that the Government takes internationally to support the UK economy. Work by the FCO aligns the UK's foreign policy goals with the domestic policy priority of returning the UK to strong economic growth, by using diplomacy to help create and promote the conditions for that growth through trade and investment. Lord Livingstone's role as Minister of State for Trade and Investment in both FCO and BIS leads this effort and ensures that the individual efforts of FCO, UKTI and BIS are fully co-ordinated to realise the maximum dividend for the UK economy.

36. FCO staff skills in commercial diplomacy have continued to improve. Since June 2011, FCO has trained 800 staff in the skills of commercial diplomacy and now has a network of 900 staff engaged in Prosperity work overseas, integrated in teams alongside colleagues from UK Trade and Investment. A new toolkit has been launched to help smaller posts assist UK businesses in their local markets; and FCO is working with UKTI to ensure that any new opportunities identified are effectively followed up.

37. Further progress has been made in establishing a closer working relationship between FCO and UKTI, identifying work that may be carried out as a set of common tasks, for example, inward investment, high-value opportunities, and support to ministers and trade envoys. These common tasks will become a means of managing FCO / UKTI dependencies and resources, and directing joint strategy, policy and operational work.

38. The National Security Strategy set out our goal to bring together and use all the instruments of national power in a coordinated and coherent manner, and so ensure that the sum of our efforts is greater than its component parts. The Government's **International Defence Engagement Strategy** (IDES) was published on 7th February 2013 and recognises the contribution that our defence assets and capabilities can make in support of the National Security Council's priorities. Looking out over a 20 year horizon, it identifies both the major risks that we will face and opportunities that we will have, and sets in place the means by which we can best use our Defence Engagement, together with other tools. The strategy is guiding the global allocation of defence assets and activities so that we can develop the relationships we need with existing and new defence partners. In launching the IDES, a number of immediate deliverables were announced, including new and enhanced overseas Defence Sections within our Embassies and High Commissions, and additional resources.

39. The overall rating for this Task, taking account of all commitments, is “on track” as defined in paragraph 11.

iv. Enforce domestic law and strengthen international norms to help tackle those who threaten the UK and our interests, including maintenance of underpinning technical expertise in key areas

40. HMG’s priorities for this task lie in serious organised crime, and in counter-proliferation and arms control.

41. On **Organised Crime**, the Home Secretary published a new Serious and Organised Crime Strategy on 7th October. This new strategy will refocus efforts to protect the UK from the corrosive effects of organised crime, based around the Pursue, Prevent, Protect, Prepare model applied in CONTEST, the UK’s Counter-Terrorism strategy. The National Crime Agency (NCA) was also launched on 7th October. The highest priority for the NCA is to identify, disrupt and cut serious and organised crime, including by investigating and enabling the prosecution of those responsible. The NCA:

- is a powerful body of operational crime fighters. It has a stronger mandate to tackle serious and organised crime nationally than any organisation has had before. This includes the power directly to task other organisations, aligning and directing the UK’s collective response to the most dangerous individuals and criminal groups;

- is leading and supporting operations across four operational commands: organised crime; economic crime; child sexual exploitation and on-line protection; and border policing, focusing on cross-border and overseas threats. It also has a new National Cyber-crime Unit, which is a national centre of expertise on cyber-crime, focusing on the organised crime groups operating on-line that affect the UK;

- is for the first time bringing together a single strategic intelligence picture of serious and organised crime threats to the UK, equipping the whole law enforcement community to better identify, and respond to, threats and vulnerabilities;

- has officers designated with ‘triple’ powers: policing, customs, and immigration. Every officer in the NCA - over 4,000 people - has a legal duty to safeguard children and promote child welfare;

- will be visible to the public and accountable to the Home Secretary. It will fight crime in close collaboration with a large number of partners, including local police forces, the Border Force, police and crime commissioners, HMRC, the private sector and the voluntary sector; and

- has an extensive crime-fighting reach. It will offer support to local organisations when they need a national response or specialist capabilities,

will bring greater coordination and more focused targeting to investigations at our borders, and will have officers stationed in 40 countries around the world so we make sure our international partners are working alongside us.

42. The Home Office is also investing an additional £10 million in up-grading the capabilities of the Regional Organised Crime Units, in order to better tackle organised crime at a regional level and to work effectively with the NCA.

43. We have strengthened national capabilities to tackle cyber-crime by bringing together the cyber unit of the Serious Organised Crime Agency and the Metropolitan Police Service's Police Central eCrime Unit to form the new National Cyber-crime Unit within the National Crime Agency.

44. We have combined the development of these specialist capabilities with a focus on mainstreaming the skills necessary to tackle on-line crimes and criminals' use of technologies within all levels of law enforcement. We have established eight regional cyber policing hubs to deliver policing capabilities with the technical skills to tackle technologically advanced criminals outside London. We will also train 5,000 police officers across England and Wales in cyber skills by 2015.

45. Work on **counter-proliferation and arms control** has been supported by a funding mechanism that brings together a number of departmental level programme budgets and other resources allocated to counter-proliferation activities. The Cabinet Office and Counter-Proliferation Implementation Committee continue to monitor this closely.

46. Following intensive negotiations in July 2012 and March 2013, the UN General Assembly adopted a strong Arms Trade Treaty on 2nd April. It will require governments to block transfers of weapons that pose unacceptable risks (for example to human rights, humanitarian law, terrorism or trans-national crime) and to take strong steps to prevent weapons being diverted into the illegal market. At the same time, the legitimate trade in arms will be protected. We are now working for early UK ratification and for rapid entry-into-force by lobbying states to sign and ratify the Treaty, and by providing technical assistance to help states establish appropriate legislation and processes.

47. As part of our 2013 G8 Presidency, the UK has the Chair of the 27-member Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. It channels around $2 billion per year to programmes to counter proliferation risks. The UK focused its three working group meetings of 2013 on the following priorities: nuclear security, bio-security, scientist engagement / dual use research, and implementation of UN Security Council Resolution 1540. The UK has also chaired the Non-Proliferation Directors Group, as part of its G8 Presidency, adopting a statement which set out the G8's continuing commitment to counter proliferation threats around the world. The statement is available at **http://tinyurl.com/p97uq25.**

48. The overall rating for this Task, taking account of all commitments, is "mixed" as defined in paragraph 12.

v. Protect the UK and our interests at home, at our border and internationally, to address physical and electronic threats from state and non-state actors

49. HMG's priorities for this task lie in several fields.

50. In **Counter-Terrorism**, a key priority (in addition to those noted above in paragraphs 24-28) has been to improve the UK's response to an attack by terrorists using firearms. Following the attacks in Mumbai in 2008, the Government set up a major programme to improve the UK's ability to respond to this type of incident. Overall we have delivered significant improvements in the police's firearms capability, the speed of the military response and the ability of specialists in the emergency services to save lives under higher risk conditions. The police now have well-established procedures in place to deal with this type of incident, and have tried and tested arrangements for the provision of military support. Firearms officers have access to higher calibre weapons, with new tactics and training to deal with this kind of incident. There is additional police firearms capacity in major cities; and there are procedures to provide rapid back-up from neighbouring areas. Additionally, all unarmed police officers are now trained to identify and respond to the initial stages of a possible terrorist attack involving firearms. We have also improved joint working between the emergency services to help them deal with the particular challenges of this type of incident. Specialist joint police, ambulance and fire teams are now in place in key areas across England, with equivalents in Scotland and Wales, trained and equipped to manage casualties in the event of a marauding gun attack.

51. This year in particular, the Office for Security and Counter-Terrorism led a series of training events for over 500 delegates at operational, tactical and strategic grades from the emergency services, control rooms, local authorities, NHS Trusts, and Government. Many of those trained were trainers themselves, and will now further deliver and embed our training locally. We have exercised the full national response to this kind of attack in three major exercises since 2009, as well as in numerous local multi-agency exercises. International incidents, such as the recent attack in Kenya, demonstrate the willingness of terrorists to use marauding firearms attacks to create the maximum amount of impact on innocent lives. We are not complacent: it is important that we continue to learn lessons from these incidents so that these inform and strengthen our procedures.

52. As part of the work under the Prepare strand of CONTEST, the emergency services set up a programme in 2012 to improve their joint response to any major or complex incident. The primary objective is to save as many lives as possible and reduce harm. We reported last year on the progress of this work, known as the Joint Emergency Service Interoperability Programme. This programme of work continues. It is focused on developing joint police, fire and ambulance guidance for co-operating at the scene of an incident, delivering joint training and exercising, and improving communications.

53. Another priority has been to maintain core capabilities in counter-terrorism policing while improving value for money and assessing performance. We have made some efficiency savings that have not affected our capabilities, and have also protected the ring-fenced funding (£563 million for 2013/14) for counter-terrorism policing capabilities. Counter-terrorism policing has continued to meet key operational challenges. The Counter-Terrorism Futures programme, being led by the police, is reviewing the balance of resources across the network of policing to make certain that resources are being used to best effect to tackle both current and future risks, threats and potential vulnerabilities.

54. We are continuing to develop our strategic approach to tackling the threat from **Northern Ireland Related Terrorism** (NIRT), in accord with our Strategic Defence and Security Review commitment. The threat from NIRT remains at "severe" in Northern Ireland and at "moderate" in Great Britain. Tackling the threat from NIRT remains a priority for the Government. The last year has been an historic one for Northern Ireland, which hosted the G8 summit in June and the World Police and Fire Games in August. Effective co-operation between the Police Service Northern Ireland (PSNI), Security Service and An Garda Síochána was crucial in ensuring the safety and success of both. There have also been a number of notable disruptions: in March, PSNI successfully intercepted a mortar attack in Londonderry moments before it was deployed, which undoubtedly saved many lives. We remain committed to building on our successes to date and to continuing our strategic approach to tackling the threat in Northern Ireland. We continue to offer our full support to the PSNI so that they have the capability they need to tackle the threat; and they will receive an additional £31 million of funding in 2015/16 to support their efforts.

55. In the past year, we have made important changes to roles and responsibilities in **border security**. Following the creation of Border Force (primarily responsible for protecting the physical border), the UK Border Agency was abolished in April 2013 and replaced by two commands with distinct remits and cultures sitting in the Home Office and reporting to Ministers: UK Visas and Immigration (UKVI), and Immigration Enforcement (IE). UKVI is a high-volume service that makes high-quality decisions about who comes to the UK; and IE is an organisation that has immigration law enforcement at its heart. Added to this, the Border Policing Command (BPC), one of the four operational commands within the new National Crime Agency, is delivering a new strategic response to border policing and enabling us to better address the security threats from serious and organised crime. The BPC will also better coordinate intelligence and operational activity through co-location with Border Force intelligence officers, Special Branch and other intelligence agencies in Joint Border Intelligence Units.

56. A priority for border security continues to be adopting a stronger and more focused cross-departmental approach to improving **aviation security** overseas. This is delivering targeted investment in international capacity-building to strengthen aviation and border security capabilities in key countries overseas. It includes work between our regional aviation security liaison officers and local aviation officials to increase aviation security capacity. For example, it provides explosive trace detection equipment and associated training. Complementing

this, we continue to extend our no-fly arrangements in line with the commitment to strengthen pre-departure checks and prevent people who pose a terrorist threat from flying to or from the UK.

57. Our border security depends on having accurate data regarding people who are intending to travel to this country, notably by air. We now obtain **Advance Passenger Information** (API) for the majority of flights into the UK. API consists of the biographical information contained in a passport when it is provided in advance of travel. It includes the passenger's name, date and place of birth, nationality and document number. The Government remains committed to maximising the collection of passenger information on flights to the UK, within the legal parameters, and is engaging on this with EU Member States and their national Data Protection Authorities.

58. **Passenger Name Records** (PNR) are recorded when a travel booking is made (such as telephone numbers and means of payment).They provide valuable additional information about people entering and leaving this country. The proposed EU Passenger Name Record (PNR) Directive would provide a basis for the collection, storage and use of PNR by Member States to combat serious crime and immigration offences. The Government remains committed to working with Member States, the Commission, and the European Parliament to secure a Directive that will provide for the acquisition of PNR data on targeted flights between Member States, and on flights to and from Member States originating outside the EU.

59. On September 4th, the National Audit Office (NAO) published its value for money study of the **Border Force** after its separation from UKBA. The report reinforces the point that the Border Force plays a crucial front line role in delivering the Home Office aims of controlling immigration and reducing net migration; cutting crime; protecting the UK from the threat of terrorism; and contributing to the nation's growth and prosperity. The report commended Border Force for implementing full passenger checks while also reducing queuing time: 99% of sampled passengers from outside Europe cleared passport control within 45 minutes between May 2012 and April 2013 compared with 81% in April 2012. Border Force is meeting and exceeding targets for seizures of some of the most dangerous and harmful materials that criminals attempt to bring into the country. Border Force has recruited more Border Force staff, established command centres to deploy staff more flexibly and effectively, and is reforming its working practices. The report did, however, question whether Border Force was sufficiently resourced to deliver against its priorities – in particular, whether it could manage passenger checks, queuing times and customs checks. It also observed that there was poor morale amongst officers.

60. HMG has accepted the report itself in full. Recent analysis shows that the split of resources between primary and secondary controls is 56%-44%; and a similar split will continue throughout 2013/14. Border Force checks 100% of passengers at the Primary Control Point (PCP) in line with its Operating Mandate, and in future will increase the speed of ePassport Gate rollout, introduce a new PCP deployment model, and strengthen its workforce planning process. Border

Force's Freight Strategy will ensure that its freight control processes provide the best possible value for money, and that the right interventions are made at the right time, whilst facilitating the flow of legitimate trade. And on morale, a set of Border Force values are in development; and its leadership development strategy will provide a range of interventions to change Border Force culture.

61. In the field of **cyber**, a priority has been to introduce a transformative National Cyber Security Programme (NCSP), supported by £860 million of investment to 2016, in support of the National Cyber Security Strategy published in November 2011. Significant progress has been made in this area; and key achievements, and future plans for the coming year, were highlighted in a statement to Parliament on the 12th December.

62. The NCSP has begun to deliver real transformation in the UK's cyber security capabilities. A particular emphasis has been placed on partnership with industry to improve awareness of, and provide a coordinated response to, growing cyber threats. For example, the Cyber Security Information Sharing Partnership (CISP) was launched on 27th March 2013 to facilitate the sharing of information on cyber threats in order to make UK businesses more secure in cyber space. The CISP introduces a secure, virtual "collaboration environment" where Government and industry partners can exchange information on threats and vulnerabilities in real time. In addition, amalgamated guidance from the security services and BIS on cyber security was published for both large and small enterprises; and a national CERT (Computer Emergency Response Team) is being established to coordinate more effectively the response to national cyber incidents, and to act as a focal point for international engagement.

63. HMG is developing the future cyber security workforce by granting 11 UK universities the status of Academic Centre of Excellence in Cyber Security Research, sponsoring doctoral students and promoting the study of science, technology, engineering and maths in schools.

64. Interdependence in cyber space makes international engagement a key priority. In November, the UK established the Global Cyber Security Capacity Centre at Oxford University. The Centre helps international partners develop the capabilities to identify and counter the same threats that the UK faces. We also engage bilaterally and multilaterally in support of the multi-stakeholder approach to internet governance, aiming to maintain a safe and resilient cyber space which enables the free flow of commerce and protects freedom of expression.

65. In response to the growing cyber threat, the MOD is developing a full-spectrum military cyber capability, including a strike capability, to enhance the UK's range of military capabilities, expanding the range of options available to MOD in dealing with the cyber threat.

66. The overall rating for this Task, taking account of all commitments, is "on track" as defined in paragraph 11.

vi. Help resolve conflicts and contribute to stability; where necessary, intervene overseas, including the legal use of coercive force in support of the UK's vital interests, and to protect our overseas territories and people

67. HMG's priorities for this task centre on building stability overseas and on defence.

68. The **Building Stability Overseas Strategy** was published on the 19th July 2011 under a joint Ministerial statement by the Foreign Secretary, together with the International Development and Defence Secretaries. This was the first published cross-Government strategy to address conflict issues. The year 2013 has seen continuing joint work by FCO, MOD and DFID to implement the strategy (see above paragraphs 19-23).

69. The UK's long-term commitment to **Afghanistan** was set out in the Enduring Strategic Partnership Document signed on 28th January 2012. This will last well beyond 2014. At the NATO Chicago Summit in May 2012, the international community reaffirmed its commitment to support Afghanistan's security forces after 2014. The UK announced our contribution of £70 million. In addition, UK troops will support the development of the Afghan National Security Forces by providing training at the new Afghan National Army Officer Academy. At the Tokyo Conference in July 2012, the international community agreed continuing development support for the next five years, in return for strong commitments from the Afghan Government to continue reforms. $16 billion in total was pledged until 2015; and there was also agreement to sustain support through to 2017 at or near levels of the past decade. The UK will maintain our current development assistance of £178 million per year until 2017 to help Afghans tackle extreme poverty, create jobs and achieve sustainable economic growth.

70. The UK is committed to supporting the Afghan Government to tackle the narcotics trade as well as relentlessly pursuing networks involved in the trafficking of opiates, as emphasised in the UK's new Serious and Organised Crime Strategy, published on 7th October 2013. The UK will provide law enforcement mentoring to the Counter Narcotics Police of Afghanistan and build capacity in the Ministry of Counter Narcotics and Ministry of Interior.

71. The groundwork for transition, Afghan National Security Forces (ANSF) training, and work to improve governance and development in Afghanistan are in many areas coming to fruition. President Karzai announced the fifth and final tranche of security transition in June 2013. As a result, the ANSF took lead security responsibility across the entire country. Transition is on track to be achieved by the end of 2014. Though challenges remain, the ANSF continue to grow in capability, confidence, and capacity.

72. The E3+3 and **Iran** reached agreement on Joint Plan of Action in Geneva on Sunday 24th November. The first step agreement in the plan goes a long way to address our key proliferation concerns: it suspends 20% enrichment, eradicates the existing stockpile of 20% enriched uranium, caps the production and use of all centrifuges including more advanced models, and halts progress at Arak and

increases our visibility of the programme. These steps halt the progress of Iran's nuclear programme, and in some areas roll it back. In return, Iran will receive limited but meaningful sanctions relief, although the bulk of sanctions, including core oil and finance, remain intact and robustly enforced. This is important in order to give Iran the strongest incentive to live up to its side of the bargain and negotiate seriously towards a comprehensive settlement. Experts from the E3+3 and Iran met in Vienna on 9th-12th December to discuss implementation of the Geneva agreement. Negotiations on the technical detail of the first step deal are complex and important. Both sides need time to reflect in capitals. We expect talks to resume very soon. A huge amount of work remains to be done before we reach a final, comprehensive settlement that gives the world full confidence that Iran's nuclear programme is for purely peaceful purposes.

73. The latest IAEA report of 14th November showed that Iran's stockpile of near 20% enriched uranium had continued to grow, and its stockpile of near 20% UF6 had increased to approximately 196kg, an increase of approximately 10kg from the August report. Iran had installed 4 additional centrifuges since its August report, though no additional more advanced centrifuges (IR-2m) have been installed at the Natanz facility since August; and none of the IR-2m centrifuges already installed there have been fed with UF6. The report notes that Iran had not installed any major additional components in the IR-40 Heavy Water Research Reactor at Arak, although the reactor vessel had been connected to the cooling and moderator piping.

74. We also welcome the signature of a Joint Statement on a Framework for Cooperation between Iran and the IAEA. We are pleased to see that Iran has finally agreed to cooperate with the Agency to resolve all present and past issues. We are pleased that Iran has agreed practical steps to enhance its present cooperation with the IAEA by providing greater access and information. This is a step in the right direction. However, Iran has still to address the substance of the Agency's concern over the possible military dimensions to Iran's nuclear programme. Both the Director General and the Board of Governors have stated that it is essential and urgent for Iran to do so. Resolution will be essential to establish the exclusively peaceful nature of Iran's nuclear programme.

75. The UK's priority is to end the Syrian conflict through a political settlement, thereby helping to create a more secure, stable **Syria** that meets the needs and aspirations of its people. As part of this strategy, we are working with our international partners to help establish a peace process. UN Secretary General Ban Ki Moon announced on 25th November that the Geneva II process, which would bring together the Syrian regime and opposition to negotiate a political settlement, would begin on 22nd January. The National Coalition (the main, and moderate, opposition group) and the Syrian regime have agreed to attend without preconditions. We are working closely with the National Coalition to ensure it is fully prepared to negotiate effectively. The UK was deeply appalled by the Asad regime's latest use of chemical weapons against the Syrian people on 21st August in Ghouta. We made the case internationally for a robust response, and fully support the international agreement that is seeing the regime's chemical weapons programme placed under international control and destroyed. Syria is

also now the top destination for jihadists anywhere in the world; and we are working to identify and disrupt potential threats from returning extremists.

76. The UK has worked closely with the National Coalition and welcomed the election of President al-Jarba in July and interim Prime Minister, Ahmed Tomeh, in September 2013. Our programme of non-lethal support has grown during the course of the year: we are equipping Syrian teams to carry out search and rescue and fire-fighting in opposition-held areas, helping to build up the capacity of the Coalition to deliver services and meet needs in Syria, developing independent media in Syria, helping to document human rights abuses, and supporting local civil society, among other activities. The violence in Syria has escalated to an unprecedented level and the UK has been at the forefront in alleviating the effects of the humanitarian crisis. We announced an extra £100 million pledge to help get essentials such as food, water and medicine to the Syrian people in dire need. The UK's total humanitarian funding for Syria and the region is now £500 million, the largest sum the UK has ever contributed to a single humanitarian crisis.

77. Since the fall of the Qadhafi regime two years ago, the situation in **Libya** has changed significantly. Prime Minister Zeidan's democratically elected Government, and the transitional government before it, have made progress in rebuilding government Ministries, registering revolutionary fighters, and restarting oil and gas production. However, the legacy of 42 years of Qadhafi rule means that Libya still faces significant challenges and is now at a critical stage in its transition. In recent months, the security situation has deteriorated, political progress has slowed, and oil output has fallen dramatically.

78. Libya held national elections in July 2012. The political transition has, however, slipped significantly against the original timetable, with elections for the Constitutional Drafting Committee unlikely to take place until early 2014. A National Dialogue, announced by Prime Minister Zeidan, could help to address outstanding issues between the various competing interest groups in Libya; yet it is uncertain whether this and the constitution will provide a unifying political vision for the longer-term future of the country. The Libyan Government does not have a monopoly over the use of force; and there is a complex web of conflicting political and tribal groups, many with their own armed militias. The threat of violence or direct action, such as the cutting of oil, gas or water pipelines, is frequently used to affect political goals; and inter-militia violence and assassinations worsen the security picture. There have been several attacks against western officials. The security challenges in Libya could pose a threat to wider regional stability, exacerbated by the widespread availability of Qadhafi era weapons and ammunition which primarily sit outside the control of the Libyan Government.

79. A stable, open and democratic Libya contributing to wider regional stability and security is in the UK's interest. We are working closely with our international partners, including the United States, France, Italy, regional countries and the EU to lead the broader international effort, coordinated by the UN Support Mission in Libya (UNSMIL), to support Libya's democratic transition and the Libyan authorities' efforts to make visible improvements in public security in Libya. At the

G8 meeting in Lough Erne, the UK led efforts, with the United States, France, Italy and Germany, to agree a Security Compact with Libya. This includes an offer to train more than 7,000 Libyan troops to help the Libyan Government and improve the security and stability of the country. The UK has offered to train up to 2,000 Libyan Armed Forces personnel in basic infantry skills and leadership. This builds on the UK's support to Libya on security, human rights, justice structures, transparent and effective financial management, private sector development and economic governance systems.

80. The security, economic and humanitarian situations in **Yemen** remain fragile. A political dialogue and transition process, unique in the region, has come a long way. It continues to make progress but is behind schedule. Since his election in February 2012, President Hadi has demonstrated a commitment to re-establish security by tackling violent extremism. There have been advances in Yemeni security capabilities; but the main security Ministries lack capacity, and ability to carry out much-needed wholesale reform, especially during the turbulent transitional period. Yemen-based Al Qa'ida in the Arabian Peninsula (AQAP) continues to threaten UK interests both at home and overseas, as the increased alert status in August 2013 demonstrated. Tackling the threat from AQAP in Yemen remains a top priority. Their intent and capability to carry out attacks are clear. Threats to aviation remain of particular concern to us, as demonstrated by the most recent foiled aviation bomb plot in May 2012. AQAP also poses a significant threat to stability in Yemen and the wider region. The UK continues to work closely with the Government of Yemen to tackle terrorism, and has provided a range of support to Yemeni security forces, in concert with other donors, to increase Yemeni capability to disrupt AQAP in Yemen. The UK is also supporting the Government of Yemen in its efforts to achieve political, economic and development reform. We co-chair the Friends of Yemen group, and are providing approximately £200 million over three years to support the transition, including £70 million for humanitarian assistance over the next two years. In Yemen, 58% of the population are in humanitarian need.

81. The UK's objectives for **Somalia** are to help it become a stable and secure country and to reduce threats to the UK. HMG is working to increase security, political and economic stability and to reduce poverty. In May 2013, the UK hosted a second Somalia Conference in London. This galvanised international support behind the Somali Government's plans for security, political process, public financial management and justice. It was also an opportunity for Somali President Hassan Sheikh Mohamud to set out his political vision and commitment to elections in 2016. The international community pledged $350 million of new financial support. Of this, over £30 million was pledged by the UK. In September 2013, the EU hosted a conference at which a New Deal Compact for Somalia was announced. This sets out a framework for funding and aid coordination, aligned with the Somali Government's priorities, organised under five Peace and State-building Goals: inclusive politics, security, justice, economic foundations, and revenue and services. At the Brussels Conference an additional £1.5 billion was pledged, including a further £50 million from the UK, £25 million of which will go to a World Bank fund which will tackle youth unemployment and stimulate

business growth. The rest of the funding will include support for programmes which help boost the heath and financial sectors.

82. There is much progress to be made to overcome insecurity, instability and violence in Somalia. The 28th August agreement between the Federal Government and Jubaland was a positive step, but challenges remain with its implementation. Challenges also remain around the Somali Government's relationship with Puntland and Somaliland. The UK is encouraging the Federal Government to extend its outreach to the regions and make progress towards a federal solution to stabilise the country. On a positive note, the number of successful piracy attacks in Somalia is at an historic low: the seven attacks in 2013 have all been unsuccessful. Despite the significant advances made by African Union Mission in Somalia (AMISOM) forces over last year, Al Shabaab continues to be a terrorist threat across Somalia and in the wider region, as shown by the recent attack on the Westgate Shopping Centre in Nairobi in September 2013. This attack underlines the need to continue to support AMISOM. On 12th November the Security Council approved an uplift in AMISOM troops, as recommended in the joint AU-UN review, to resume the offensive against Al Shabaab. In parallel, the UK will continue to look for ways to increase the capacity of the Somali National Forces. The UK gives £80 million annually to Somalia in development assistance. Projects have led to the creation of 45,000 long-term jobs, 15,000 for women. DFID's work will also help up to 500,000 people each year until 2015 (more than half of them women) resist malnutrition and life-threatening diseases.

83. The presence in **Mali** of Al Qa'ida in the Islamic Maghreb (AQ-M) and other AQ-inspired terrorist groups poses a long-term strategic threat to the EU and to the UK. The conflict in Mali has exacerbated chronic food shortages affecting nearly 20 million people in the Sahel. The UK worked closely with France to facilitate the deployment of French forces in Operation Serval, aimed at dismantling the extremist networks that had seized control of much of northern Mali. As well as logistical support by means of C-17 aircraft and roll-on roll-off ferry capacity, the UK provided the French with reconnaissance / battlefield surveillance by means of Sentinel aircraft operating from Dakar. In partnership with EU Member States and Institutions (see also paragraph 101), the UK provided 37 military (including six Irish soldiers) and one civilian to the new EU Training Mission in Mali. With the deployment of the African stabilisation force AFISMA, the UK also provided logistical support to troop-contributing countries; and the UK has gone on to provide HQ staff to the successor UN Mission in Mali, MINUSMA, which was launched on 1st July 2013.

84. The Government is working to focus on the threats of terrorism and crime to and from **the Sahel** and the wider North and West Africa region. Through a developing North and West Africa Strategic Framework, we are addressing these security threats and the root causes of instability and fragility in partnership with allies, international organisations and regional partners.

85. The overall rating for this Task, taking account of all commitments, is "on track" as defined in paragraph 11.

vii. Provide resilience for the UK by being prepared for all kinds of emergencies, able to recover from shocks and to maintain essential services

86. HMG's priorities for this task concerned civil emergencies, energy security, and space security.

87. Work on **civil emergences** continued to look at measures for dealing with the top risks as well as planning for the consequences of a wide range of lesser risks, so that we are ready to respond to the range of emergencies the UK could face. This has led to activity, including work to up-date planning for pandemic influenza and flooding, efforts to develop community resilience, enhanced crisis response capabilities, and a dedicated programme to improve blue light interoperability. The need to provide individuals caught up in an emergency with official advice quickly is a challenge for the emergency responder community. Government has therefore trialled a number of different approaches to using mobile phone technology to send a targeted message to members of the public during an emergency. These trials will also prove important in informing decisions on any future roll-out.

88. On **energy security**, the Energy Security Strategy, published in November 2012, set out for the first time HMG's overarching strategy for energy security. This found that the UK currently enjoys a high level of energy security rooted in our commitment to competitive energy markets combined with effective regulation. It faces particular challenges, however, arising from closure of around 20% of our electricity generating capacity over the coming decade; decline in North Sea production (increasing our import dependence); and the need radically to de-carbonise our energy sector. These challenges also highlight the increasing importance of international energy dialogues to achieve the imports, investments and shared knowledge we will require.

89. There remain significant challenges in delivering oil and gas price stability and mitigating transit disruptions, given the extent to which these issues remain beyond UK influence. Oil prices remain high, fluctuating between $100 and $117 in the last six months, driven by structural factors (high demand in emerging economies and limited options to increase supply), and high levels of uncertainty (tensions in the Middle East, poor economic outlook).

90. HMG continues to take a range of actions to improve energy security by mitigating the risks posed by developments in international energy markets by: promoting low carbon technologies and energy efficiency through sharing best practice and supporting international fora like the International Renewable Energy Agency; continuing strong international bilateral engagement with key energy partners such as Norway, Japan and Russia; and working to improve oil price stability by continuing to support international fora such as the International Energy Forum and International Energy Agency (IEA), for example working closely with the IEA on their 'Association' proposal to broaden their reach.

91. On **space security**, the National Space Policy, which identifies and promotes commercial opportunities within the Space Industry for the UK, is to be published in due course, and will cover both the UK Civil Space Strategy and the National Space Security Policy. Part of this work will include management of security risks and vulnerabilities through a coherent policy. The UK continues to promote international space security through such fora as the UN Committee on the Peaceful Uses of Outer Space, by taking part in the UN Group of Governmental Experts reporting on Transparency and Confidence-building Measures in Outer Space, and by helping to drive forward the EU-led initiative for an International Code of Conduct on Outer Space Activities. The UK also plays a key role in the security of the European Galileo system.

92. Taking account of all commitments under this Task, progress is assessed to be "on track" as defined in paragraph 11.

viii. Work in alliances and partnerships wherever possible to generate stronger responses

93. HMG is clear that **NATO** is the bedrock of our national defence. It is, and will remain, the cornerstone of UK's security and the ultimate guarantor of our defence. Allies continue to make progress on implementing decisions made at the Chicago Summit in May 2012, including a number of agreements aimed at developing the capabilities that NATO needs to meet its core remit, in a time of austerity. HMG will continue to seek efficiency and effectiveness in NATO capability development as a priority. The Chicago Summit also saw a meeting between Allied Heads of State and Government and NATO's key partners who make significant contributions to Alliance operations. HMG will continue to support NATO's work with key partners and others as a way of fostering dialogue, sharing expertise and improving its ability to operate with those outside the Alliance.

94. Since that time, the Alliance has continued to focus on pertinent issues facing our collective security. The North Atlantic Council has discussed continuing issues in the Middle East and North Africa, including at Ministerial level and with partners such as Russia. On 22nd August, the Secretary General released a NATO statement which condemned the 21st August chemical weapons attacks in Syria following discussion in the North Atlantic Council. More widely, NATO continues to uphold the security of its members, including through assistance to Turkey.

95. The UK will host the 2014 NATO Summit in Wales on 4th–5th September. The Summit will be an important opportunity to look to the future: to ensure the Alliance is equipped and has the right tools to continue its role as the bedrock of our global defence capability. It will also be an opportunity to mark transition of our effort in Afghanistan. By hosting the Summit, the UK will underline both our own and our Allies' commitment to our collective security. The Summit will reinforce NATO's role in global security, through which we engage and work with partners to safeguard our interests and confront challenges to UK security wherever they occur.

96. The **UK / United States** defence relationship has for decades been one of the key foundations of the bilateral relationship. Our strategies, policies and plans have been well aligned. The Middle East and North Africa region represents a significant focus for cooperation in the foreign policy sphere, with coordination on Syria, Middle East Peace Process (MEPP) and Egypt. We have worked closely with the Americans on both political and humanitarian aspects of the Syria crisis and we welcome the strong drive given to the MEPP by President Obama and Secretary Kerry. But the threats we face today require a cross-Departmental security relationship. Central to protecting the people of our countries is our unique and indispensable relationship with the United States in the fields of intelligence, cyber, and counter-terrorism. 2013 has seen the Prime Minister, Deputy Prime Minister, Foreign Secretary, Chancellor, Defence Secretary and Home Secretary all meet their American counterparts in Washington during the course of the year, with discussions across all these areas.

97. Intensifying our security and defence relationship with **France** continues to be a priority, with good progress across the agenda. Following the February 2012 UK-France Summit, regular high-level meetings have advanced a number of initiatives, including development of the Combined Joint Expeditionary Force (with a successful exercise in October 2012). Progress on some collaborative defence equipment programmes has been delayed by work on the French Livre Blanc (White Paper on Defence and National Security), although the pro-active decision to work with the UK on the Future Air-to-Surface Guided Weapon missile sent a strong signal of political commitment. A further Summit is expected in the near future. The UK and France have worked closely on Mali, with the UK providing operational and political support to the French intervention in January. The French White Paper, published in June, highlights the close alignment of our strategic security and defence priorities.

98. The **UN Security Council** has been very active over the past 12 months and played a vital part in ensuring an effective multilateral response to continuing crises, with the UK taking a leading role. On Syria, the Council unanimously adopted a resolution providing a legally binding framework for the destruction of Syria's chemical weapons, ending a 17-month stalemate in the Council. The UK has also taken a leading role within the Council to help resolve the continuing Syrian humanitarian crisis. A sustained UK lobbying effort in the build-up to the UN General Assembly ensured that members provided $716 million, of which the UK contributed $160 million. A Syrian Humanitarian Presidential Statement was adopted, including strong language on lifting bureaucratic obstacles, granting visas and permits, and cross-line or cross-border deliveries.

99. HMG continues to work through the **Organisation for Security and Co-operation in Europe** (OSCE) as a forum for comprehensive dialogue and political agreements on all areas of security across three 'dimensions' linking work on political-military issues and arms control with human rights and democracy, governance and the rule of law, and environment / energy issues. The UK supported adoption of Decisions at the OSCE Kyiv Ministerial Council (December 2013) in all three dimensions, including on combating the proliferation of illicit small arms and light weapons; up-dating of the OSCE's non-

proliferation principles; the first internationally recognised confidence-building measures in the field of cyber security; updating the OSCE Action Plan on trafficking in human beings; statements on the Transnistrian and Nagorno-Karabakh conflicts; and a continuation of the 'Helsinki + 40' process, tasking the next two OSCE Chairmanships to develop new approaches to realising a 'security community' well equipped to respond to the evolving threats.

100. HMG has successfully worked in partnership with European **partners and the EU** to address a number of crises and security challenges during this period. The UK plays a leading role in EU action on Iran (see paragraphs 72-74), has been at the forefront of securing a strong EU response to the crisis in Syria (see paragraphs 75-76), and has worked closely with France in northern Mali (see paragraphs 83 and 101).

101. The EU's Common Security and Defence Policy (CSDP) contributes to conflict prevention, crisis management and stabilisation. HMG plays an active role in shaping and encouraging a more efficient and coordinated response with NATO and other actors. HMG has contributed civilian and military personnel to CSDP missions and operations in this period, including hosting the headquarters element of Operation ATALANTA at Northwood. Three new CSDP Missions have been launched since November 2012: the EU Training Mission in Mali to increase the capacity of the armed forces; the new mandate for the EU Training Mission in Somalia; and the EU Border Assistance Mission in Libya.

102. HMG continues strongly to support **international criminal justice** and accountability. We have done this both through continuing financial, political and practical support to the international courts and tribunals, and also through our work to challenge impunity and press for accountability for the most serious of international crimes. In July the Foreign Secretary launched the UK Strategy on the International Criminal Court https://www.gov.uk/government/news/foreign-office-launches-international-criminal-court-icc-strategy-paper.

103. The overall rating for this Task, taking account of all commitments, is "mixed" as defined in paragraph 12.

ix. Defence Transformation

104. The Strategic Defence and Security Review set out a challenging programme of **Defence Transformation** covering force structures, equipment, personnel, bases, efficiency and reform. We have continued to make good progress delivering this, including implementation of the recommendations made by Lord Levene in his 2011 Defence Reform review of the department. The MOD Head Office has reduced by some 500 posts (over 20%). The changes needed to delegate capability planning and financial responsibility to the Commands are in place, with further reforms scheduled by April 2014. The new Joint Force Command achieved Full Operating Capability in April 2013. The £38 billion budget excess has been eliminated and new mechanisms are in place to hold Top Level Budget holders and other senior responsibility holders formally to

account against their plans. As Lord Levene acknowledged in his recent review of implementation his recommendations, “the MOD is viewed as a more professional and responsible organisation” and there is “a strong foundation on which to proceed with the next stage of Defence Reform”. During the year we have also announced the new Army basing plan, published the Defence Equipment Plan and a long term strategic vision for defence industry, published the International Defence Engagement Strategy, announced the way forward on the Reserves and on Defence acquisition, and launched the new Armed Forces Corporate Covenant. Overall these changes mean we have now put in place the main organisational building blocks envisaged in the Strategic Defence and Security Review and the Defence Reform Review; and these have enabled us to reduce the defence civilian workforce by over 20,000 so far.

Equipment capability

i. Good progress continues to be made in the procurement of high-quality new equipment for our Forces. On 6th November, the Defence Secretary announced that the MOD had renegotiated the last Government’s flawed contract and agreed new Heads of Terms for the aircraft carrier programme (to build two Queen Elizabeth-class **aircraft carriers)** with the Aircraft Carrier Alliance, under which the total capital cost to Defence of procuring the carriers will be £6.2 billion, with any variation above or below that price shared on a 50:50 basis between the Government and the Alliance. Work is progressing well to build the carriers: the final section of the flight deck of HMS Queen Elizabeth was fitted in November 2013; and we expect flying from HMS Queen Elizabeth to begin in 2018, after her sea trials are complete.

ii. HMS Ambush, the second of seven **ASTUTE** class submarines, was commissioned into the Royal Navy in March 2013.

iii. The **Successor Deterrent** Assessment Phase was approved in Spring 2011, at a cost of £3 billion. This approval covers a programme of work to Main Gate in 2016 including the design of the submarine platform, where £700 million has been invested to date. The Successor programme remains within the 2006 White Paper cost and is on track to deliver the future Deterrent Capability in 2028. Additionally, a £1 billion investment has been made in a new facility to build reactor cores for our future submarine fleet.

iv. In July, the Government published an unclassified version of the **Trident Alternatives Review**, a Cabinet Office-led study into alternative Deterrent systems and postures. The Review demonstrated that no alternative system is as capable, or as cost effective, as a Trident-based deterrent. The Government remains committed to its policy on the Successor set out in the Strategic Defence and Security Review.

v. Four **Military Afloat Reach and Sustainability** (MARS) tankers are on track to enter service from 2016.

vi. **HMS Illustrious** is on track for decommissioning in 2014.

vii. Five of the next-generation anti-submarine maritime patrol **Merlin Mk2** helicopters have been delivered to the Royal Navy.

viii. The MOD announced plans to commission **three new offshore patrol vessels**, to be built by BAE Systems on the Clyde.

ix. In June 2013, MOD announced that UK warships are to benefit from a new surveillance capability as part of a £30 million contract for the **ScanEagle maritime unmanned air system**.

x. **RAF** developments include the delivery of our third Lightning II test and evaluation aircraft in January 2013. The aircraft will be used by the team of RAF and Royal Navy personnel based in the United States, where pilot and maintainer training has started as part of the collaborative Joint Strike Fighter test and evaluation programme. We expect the first production aircraft to be delivered to us in 2016. In March 2013, RAF Marham was announced as the main operating base for Lightning II. We are also investing in Typhoon synthetic training so that we can operate the aircraft as efficiently as possible.

xi. This is a significant period for the transition from legacy to new **Air Transport** or **Air-to-Air Refuelling Aircraft**. Two BAe-146 aircraft entered service in February 2013 to bolster the Afghanistan Air Transport requirement. Five A330 Voyager aircraft have been accepted into military service. Voyager continues to operate in the Air Transport role and started the refuelling task on Tornado and Typhoon earlier this year. The first A400M Atlas are due into service in 2014; and we are planning to accelerate the delivery of aircraft next year. Tristar draw-down remains on track, with the aircraft due to go out of service in March 2014. The VC10 went out of service in September 2013. The fleet of C130K Hercules aircraft was retired at the end of October 2013.

xii. In addition, we have purchased further advanced air-borne target designation pods and invested in improvements to the defensive aids suites for both **Tornado GR4** and **Hercules C130J** aircraft.

xiii. Over the last year, two existing **Royal Auxiliary Air Force** squadrons were re-launched in new roles and three new squadrons were stood up ahead of schedule.

xiv. The RAF has begun training on the **Puma Mk2 helicopter** following a £260 million up-grade.

xv. A £35 million contract was awarded to MBDA in November 2013 to sustain the RAF's stockpile of **Brimstone weapons**.

xvi. The first of 3 **Rivet** joint signals intelligence aircraft was delivered to the MOD in November ahead of its entry into service with the RAF in 2014.

xvii. The MOD ordered 200 extra **Starstreak** missiles as part of a multi-million pound deal. They are due to be delivered by Summer 2014.

xviii. In September, the MOD announced it was to buy a further 24 **Foxhound** vehicles for the British Army, taking the total fleet to 400 vehicles.

xix. In June, the British Army took delivery of **Terrier**, its newest and most advanced engineering vehicle.

xx. In January 2013, the MOD announced it had signed a £9 million contract to provide the Armed Forces with more than 25,000 new **Glock** sidearms.

Personnel

xxi. In terms of personnel, the MOD continues to rebuild the **Armed Forces Covenant**. The Covenant is the mechanism which aims to reinforce the bond of trust and mutual respect between the Armed Forces and society. By working to ensure that no serving or former Armed Forces personnel, or their families, are disadvantaged for the enormous sacrifices they make for their country, it ensures that they are recognised as valuable members of society and are able to go from strength to strength in the vital and often dangerous role they undertake on behalf of the country. The second statutory report was published on 16th December 2013. The Covenant is a cross-Government endeavour; and work is also being taken forward at a local level and through the Devolved Administrations, through commitments such as the UK Border Agency Review of Fees for Armed Forces Dependants and the work with NHS Reform England to take account of the needs of Service families. Specific measures over the period include:

- the Chancellor announced in the Autumn Statement that another £100 million of LIBOR fines is being made available to support a range of good causes, including further funding for the Armed Forces Community and Service charities;

- funding for the Covenant will be enduring, with a further £10 million per year to be made available from 2015/16;

- we have made around £200 million available for the Forces Help to Buy scheme, to help members of the Armed Forces get on the property ladder;

- over 700 additional, high-quality properties have been purchased for use as Service Family Accommodation; and

- 397 local authorities (98% of those in Great Britain) have signed the Community Covenant and are working to bring Service and local communities closer together.

xxii. Work is underway to develop a **New Employment Model** which provides up-dated Terms and Conditions of Service for Service Personnel. The Defence Board considered proposals on remuneration and home purchase incentives in April 2013. Consultation with Service Personnel commenced in June 2013, and the output will shape policy. Detailed policy design will be endorsed by the Defence Board in early 2014. The programme is on-track to begin phased implementation from April 2015 onwards.

xxiii. The MOD remains on track to **reduce the numbers of military and civilian personnel** by 2015.

- The Strategic Defence and Security Review announced a reduction of 17,000 posts from the Regular Armed Forces (5,000 each RN and RAF, and 7,000 Army). Whilst reduced recruiting and fewer extensions of service will account for some of the reductions, a redundancy programme is needed to ensure that the right balance of skills is maintained across the rank structures. A further reduction of 12,000 to the Army was subsequently announced as a result of the Three-Month Exercise (3ME). The three Services have significantly reduced numbers of personnel and expect to meet agreed departures fully by 2015. Around 6,600 Armed Forces personnel had left MOD by 30th June 2013 under Armed Forces Redundancy Programme Tranches 1 and 2, including planned reductions in regular RAF manpower. Tranche 3 is under way; and in June 2013, a further 4,450 were notified for redundancy. Achieving the combined Strategic Defence and Security Review and 3ME reductions is likely to require a further tranche for Armed Forces personnel in 2014.

- The Strategic Defence and Security Review announced a reduction of 25,000 civilian personnel and to date this baseline has reduced by 20,210. In the reporting period, some 3,400 left under Tranche 2. In addition, a further 1,806 personnel are anticipated to leave the Department over the period July 2013 to April 2014.

xxiv. The MOD remains on track to achieve the structure by 2016 necessary to deliver **Future Force 2020** and has already delegated manpower planning to the Top Level Budgets (TLBs) as recommended by Levene. This delegation empowers TLBs to manage resources to deliver outputs leaving the head office to give strategic direction. This is a key activity to delivering the Whole Force Concept (WFC)[2].

xxv. Work since the publication in July 2011 of the report of the Independent Commission to Review the United Kingdom's **Reserve Forces**, led to the publication on 3rd July 2013 of the White Paper Reserves in the Future Force

[2] WFC is a term used to describe an approach to delivering a balanced, resilient and fully integrated force structure, comprising Service Personnel (Regular and Reserve) and civilians (MOD Civil Servants and contractors), optimised to deliver the people (Human Capability) component of Defence's Operational Capability, at declared readiness and defined risk, in the most cost-effective and affordable manner.

2020: Valued and Valuable. This set out detailed proposals for the future relationships required with society, employers, Reservists and their families in order to deliver and sustain the Reserve Forces required[3]. Implementation has now begun with legislation, equipment, employer engagement and training changes all making significant progress. Rapid action has been taken to address teething problems with the recruitment process; and, although challenging, we are confident that the increase in Reserves is achievable.

Bases

xxvi. In terms of bases, the **Regular Army Basing Plan**, with Army rebasing from Germany at its core, was announced by the Defence Secretary on 5th March 2013. The Army will restructure and concurrently concentrate in the UK in a series of centres of gravity and specialisation. This will see a third brigade based on Salisbury Plain and the further development of Catterick, Kendrew Barracks, RAF Leuchars and Stafford as major Army bases. Initial Germany rebasing moves took advantage of spare capacity at sites being vacated by the RAF to return units from Cyprus and Germany, at Cottesmore in the East Midlands, and Kinloss in Scotland, thereby enabling the beginning of the closure of German facilities. We remain on target to return 100% of our personnel in Germany by 2020 and to exceed the original target of 50% returning by 2015. Finalising this number depends on several other MOD change programmes; and the concurrent return of manpower and materiel from Afghanistan exacerbates the challenge. The Defence Board is monitoring progress closely. The return of the British Army from Germany is expected to generate cost savings of some £240 million per annum. The Regular Army Basing Plan also represents a £1.8 billion infrastructure investment in the UK over the construction delivery period from late 2013 until late 2019.

xxvii. Since the Ministerial announcement, the Basing plan has been constituted in MOD as one of its key change Programmes – the **Army Basing Programme** – with CE Defence Infrastructure Organisation (DIO) as the Senior Responsible Officer (SRO). A joint Army-DIO delivery team is being formed drawing upon industry support. Infrastructure-related work is under way to deliver ecological surveys, planning work, site-level assessment and options studies.

xxviii. The DIO has worked with single Services to develop the **Future Reserves 2020 Basing Plan** to enable growth in Reserves capability, support sustainable recruiting and deliver a degree of estate rationalisation[4]. The key basing elements will see infrastructure investment in a number of sites. Thirty-eight sites have been deemed surplus to Reserve requirements (35 Army and three Royal Navy Reserve / Royal Marine Reserves sites). Work will now commence to determine the longer term future of these sites and develop

[3] For the purposes of Table 1 assessing progress against National Security Tasks, the defence transformation commitment on the Future Reserves 2020 is noted under item 6(c) on a civilian response scaled to support military operations.
[4] Announced by the Secretary of State on 3rd July 2013.

plans for meeting the requirements of affected lodger units and cadets on those sites. The DIO is working with the Department to assess how we can best deliver a cohesive, resilient estate of the right size that is well used and aligns with the operational needs beyond Future Force 2020.

xxix. The rollout of **Defence Infrastructure Organisation**'s new Operating Model (OM) began in April 2013. This included the implementation of its Information Management Solution through a series of phased capability releases throughout 2013/14. Capability release 1 was rolled out in April 2013. The OM is expected to be at full operating capability by March 2014.

Efficiency and reform

xxx. In terms of efficiency and reform, the **Materiel Strategy** is designed to deliver options for the future delivery of defence equipment acquisition and support. Reforming the acquisition system, delivering lasting improvement in the management of the MOD's ten-year £160 billion equipment and support programme, is a core element of the Transforming Defence programme. An assessment phase, which began in April, sought to make a comparison between two possible futures for Defence Equipment and Support (DE&S). One option was 'DE&S+', an improved internal solution. The alternative was a Government-Owned Contractor-Operated (GOCO) organisation, a ring-fenced entity run with private sector expertise. The Defence Secretary recently announced to Parliament that, following the withdrawal of a second consortium, the Government would not proceed with the competition, and that DE&S would become a bespoke central government trading entity from April 2014 as an intermediate step towards any future GOCO competition. It will be supported by private sector resources in the form of business partners which will be found through competition begun in early 2014. The Better Defence Acquisition White Paper also set out proposals for strengthening the arrangements governing the procurement of equipment where the MOD is unable to meet its requirement through open competition (Single Source Procurement). These reforms will represent a real change to how the MOD conducts its business, delivering a more effective way of providing the equipment and capabilities the Armed Forces need to keep the United Kingdom secure.

xxxi. Plans to deliver savings of £900 million by 2020/21 under the **Submarine Enterprise Performance Programme (SEPP)** are being taken forward. Two of the three bilateral Foundation Contracts have been signed with Industry Partners: Rolls-Royce in February 2013, and BAE Systems in July 2013. The remaining Foundation Contract, with Babcock Marine, will be delivered through a combination of the current Terms of Business Agreement (TOBA) and the Maritime Support Delivery Framework (MSDF) contract for which signature is expected later in the year. These Foundation Contracts commit each of the Submarine Enterprise Industry Partners to the delivery of their proportion of the SEPP benefits.

xxxii. Work is under way to deliver **non-front line savings** of at least £4.3 billion over the 2010 Spending Review period. A mixed progress rating reflects the complexity in calculating savings across the Department. Several mitigation measures have been put in place: the MOD Finance Director has been appointed as Senior Responsible Officer (SRO) and a supporting Governance Board has been set up. SROs have been allocated for each of the savings measures; and a tracking process has been developed to mitigate risk of savings erosion.

xxxiii. The rationalisation of the Defence Estate continues, including the sale of surplus land and buildings, with the aspiration to achieve £350 million of running cost savings per year. The Defence Infrastructure Organisation (DIO) is developing an overall approach to the estate (Footprint Strategy) aimed at ensuring that Defence makes the most effective use of the current estate. A number of Regional Studies will be commissioned to understand how the Defence Estate can be optimised and, where appropriate, to invest in larger but fewer sites whilst divesting ourselves of sites which attract higher running costs. Identifying sites with higher disposal values will enable increased investment in the better remaining sites.

xxxiv. Additionally, following the 2013 Spending Review, the MOD will make approximately £875 million of efficiency savings in 2015/16. This includes around £300 million through a ground-breaking deal with the Cabinet Office to hand responsibility for procurement of a range of non-military goods and services to the Government Procurement Service, and £350 million from efficiencies in the equipment support budget, including the renegotiation of contracts.

105. The overall rating for this Task, taking account of all commitments, is “on track” as defined in paragraph 11.

C. Wider issues.

<u>Operational coordination and implementation</u>

106. The **Cabinet Office Briefing Rooms** (COBR) provide a mechanism for co-ordinating decision-making and emergency response across Government**.** They have been used extensively in this crisis response role in a range of international and domestic incidents throughout the year. Government has continued to enhance and strengthen crisis response arrangements in the light of key lessons arising from exercises and operations. A programme of work has begun to up-grade the UK’s crisis management facilities. This includes a Memorandum of Understanding with Ordnance Survey to provide mapping and imaging capabilities, thus ensuring that the UK continues to make best use of technology. COBR has also been used as the central point for co-ordination of Government’s support for events of national importance, such a Lady Thatcher’s funeral and the G8.

Scotland

107. The UK Government's position is clear: Scotland and the rest of the UK derive mutual benefit from an integrated approach to security, cyber, justice and policing, as well as from security exports and our international alliances and relationships. The Scotland analysis programme aims to set out evidence and analysis on Scotland's place in the UK, and considers the implications of independence, so people in Scotland can make an informed decision in the referendum. It is for those advocating independence to explain the security implications of the establishment of an independent Scottish state. The UK Government is supporting its position with evidence and analysis.

Horizon scanning

108. In the Civil Service Reform Plan, the Government committed to a cross-government review of horizon scanning capability. The Cabinet Secretary commissioned the Chairman of the Joint Intelligence Committee, Jon Day, to consider how departments make use of horizon scanning, to assess the capabilities and structures used by the Civil Service to anticipate risk and identify opportunities over the medium-to-long term, and to make recommendations on how best to enable shared strategic analysis across Government on future challenges. The review was published on 21st January 2013. The review resulted in a new structure for undertaking horizon scanning across Government, which aims to improve commissioning, co-ordination, oversight, and the quality of outputs.

109. The new cross-government horizon scanning programme, announced in June 2013, joins up existing work and groups within different departments to form 'communities of interest' so as to maximise capability, commission new work and ensure that horizon scanning is linked into policy development at all levels. Duplication will be reduced and new insights will be generated.

110. As the programme is relatively new in its formation, it is too early to measure the implementation of the recommendations; but early signs indicate that the 'communities of interest' are already bringing together Departments which had previously not joined up.

111. More information on the Horizon Scanning Programme can be found at this link: https://www.gov.uk/government/news/horizon-scanning-programme-a-new-approach-for-policy-making.

D. Reflections on lessons from implementation

112. As work on implementing the 2010 National Security Strategy and Strategic Defence and Security Review has progressed, there have been several areas where experience has helped inform the development of policy. This section highlights some examples.

113. In the **international policy** context, we need to continue to reflect fully on the lessons from Afghanistan and Iraq, both in defence terms and in terms of public support for the use of military intervention. We need to reflect on capability gaps (for example in surveillance) and how such gaps can be met in the future; and on the implications of technological change for both the future of conflict and the options available to the UK to deter, contain, and intervene internationally.

114. Since **2010, the Conflict Pool** has continued to make a contribution to conflict prevention and resolution overseas, for example by supporting political reconciliation in Somalia, providing police training in Libya, and helping to reform the security sector in Mali. The 2013 Spending Round announced the Government's intent to build on the Conflict Pool's successes by bringing together new and existing resources from across Government into a new **Conflict, Stability and Security Fund** of £1 billion under the strategic direction of the National Security Council. This will fund a broader range of activity to help prevent conflict and tackle threats to UK interests that arise from instability overseas. The role of the National Security Council in setting priorities for the fund will ensure an integrated cross-Government approach, drawing on defence, diplomacy, development assistance, stabilisation, security and intelligence.

115. Experience from the approach to national security threats set out in the UK's Counter-Terrorism CONTEST strategy published in 2011, as well as from the implementation of the 2011 strategy Local to Global: reducing the risks from organised crime, has been brought to bear on the new **Serious and Organised Crime Strategy**. The reform of the **counter-radicalisation** work stream for CONTEST and the revised Prevent Strategy (June 2011) have also formed the basis for the work of the Extremism Task Force, particularly on the need to look at all forms of extremism and robustly to tackle extremism wherever we find it.

116. Following the threat of strikes by fuel tanker drivers in 2012, identifying lessons on how to improve preventative approaches, which could reduce the impact or scale of **civil emergencies** before they happen, has become a key focus. These would also be essential in the case of some of the top tier risks, set out in the National Security Strategy, which could overwhelm locally delivered response, particularly for wide-area emergencies. A Tier 1 exercise planned for 2014 will look to test evolving thinking on the use of military planning and delivery capability, particularly with civilian emergency response mechanisms.

117. The London 2012 **Olympic and Paralympic Games** was the largest sporting event in UK history; and lessons from the 2012 security programme have been shared with Glasgow for the 2014 Commonwealth Games and the authorities in Brazil for the Rio de Janeiro 2016 Olympic and Paralympic Games. Protecting the Games required the largest ever peace time security operation in this country. This highlighted the mutual benefits of closer working relationships between central government and the local response tier. Government continues to foster these through greater information sharing (risk assessment and planning assumptions) and improving awareness and understanding of Government resilience strategy. Up to 14,500 police officers and 18,000 Armed Forces personnel were deployed on Games security duties. About one million

accreditation application background checks were completed for Games Family Members, workers, volunteers, athletes, journalists and officials. Nearly six million people arrived at Heathrow alone during July and August 2012.

Conclusions

118. The 2010 National Security Strategy and Strategic Defence and Security Review took a risk-based, whole-of-government approach to security, and established the National Security Council so as to ensure prompt, coherent, coordinated and well-informed decision-making on all strategic defence and security issues. This extends security strategy beyond the scope of military effect and the confines of traditional military strategy. Such an approach reflects the varied pace of evolving global risks and opportunities, and their wide-ranging consequences. It is intentionally adaptable. It allows for uncertainties in the domestic and international context.

119. As documented in this report, the risk-based approach directly informs the relationships between policy and implementation, strategy and delivery, words and action. There has been continued implementation progress over the past year; and although many of the remaining challenges relate to factors beyond our control, the Government remains focused on building on successes to date.

120. Looking ahead, the Government is now reflecting on lessons learned from the experience of implementing these commitments as it begins to prepare for the 2015 National Security Strategy and Strategic Defence and Security Review.