



House of Commons
Defence Committee

**The work of the Met
Office: Government
Response to the
Committee's Tenth Report
of Session 2005–06**

Eleventh Special Report of Session 2005–06

*Ordered by The House of Commons
to be printed 10 October 2006*

The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

Current membership

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The following Members were also Members of the Committee during the Parliament.

Mr Colin Breed MP (*Liberal Democrat, South East Cornwall*)
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The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at:

www.parliament.uk/defcom

Committee staff

The current staff of the Committee are Philippa Helme (Clerk), Eliot Wilson (Second Clerk), Ian Rogers (Audit Adviser), Stephen Jones (Committee Specialist), Adrian Jenner (Inquiry Manager), Richard Dawson (Committee Assistant), Sheryl Dinsdale (Secretary) and Stewart McIlvenna (Senior Office Clerk).

Contacts

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The work of the Met Office

The Defence Committee published its Tenth Report of Session 2005–06 on the work of the Met Office on 26 July 2006, as House of Commons paper HC 823. The Government's response to this report was received on 26 September 2006. This is appended below.

Appendix: Government Response

1. The MoD welcomes this report, which highlights the great importance of the work the Met Office carries out, not only in support of defence activities, but also on wider government priorities and in delivering a high-quality meteorological service to the British public. The report rightly draws attention to the international scientific excellence of the Met Office in weather-forecasting and in climate-research. It also underscores the priority the government attaches to the organisation's commercial performance.

2. The MoD agrees with the Committee's conclusions that:

- **the Met Office's obligations to generate income and pursue commercial opportunities have not had an adverse effect on its public service role, or its service to the MoD and Armed Forces. (Paragraph 19)**
- **there is no compelling reason to remove the Met Office from public ownership at present. (Paragraph 18)**
- **the Met Office's move to Exeter has been completed successfully and to the satisfaction of the majority of staff. (Paragraph 33)**
- **the Key Performance Target process should provide value in assisting the Met Office to identify its management priorities. (Paragraph 43)**
- **there is welcome improvement over previous years in the business focus of the Met Office's Key Performance Targets for 2006–07. (Paragraph 44)**
- **the customer-supplier relationship is an important driver of the Met Office's performance. (Paragraph 45)**

3. The MoD welcomes the Committee's conclusion that we have been a supportive owner of the Met Office. The MoD will continue to provide the Met Office with all the support it requires to remain a world-class meteorological organisation, and deliver the objectives set for it by the government.

4. Comments on some of the specific issues mentioned in the report are set out below.

Possible Co-location of the UK Hydrographic Office (UKHO) with the Met Office at Exeter

We recommend that the MoD consider further whether to co-locate the UK Hydrographic Office and Met Office in Exeter. (Paragraph 22)

5. The MoD notes the Committee's recommendation that we consider further whether to co-locate the UK Hydrographic Office with the Met Office in Exeter. Work is in hand to explore this as one of a number of possible options for the future location of UKHO. This work will take some months to complete, after which MOD will take a final decision based on the best overall interests of the taxpayer.

The Met Office should decide on its own investment priorities

We welcome the Minister's commitment that the MoD will fund investment in the Met Office if a robust business case is made. That investment will need to be substantial if, as it should, the United Kingdom is to maintain its competitive edge and remain a world leader in meteorology. We also look to the MoD to continue to allow the Met Office to decide on its own investment priorities. (Paragraph 30)

6. MoD has rigorously separated the role it plays as owner of the Met Office from that of principal customer, precisely so that customer interests do not unduly influence investment and other major business decisions. The governance and policy framework under which such decisions are taken will be set out in a revised Framework Document to be published shortly.

Year-on-year consistency of Key Performance Targets

We consider it desirable, whenever possible, to provide consistency in Key Performance Target measures so that year-on-year comparisons of performance are more easily made. (Paragraph 38)

7. We agree that published reports should readily facilitate year-on-year comparisons of performance, by being as consistent as possible in the overall suite of measures used, including Key Targets as well as other targets, metrics and indicators. Within this framework, the composition of the set of Key Performance Targets may need to evolve year-on-year to reflect changing business needs and imperatives.

The importance of the Mobile Met Unit to the United Kingdom's Armed Forces should not be understated. We recommend that its role and work be more fully reported in the Met Office's Annual Report and Accounts. (Paragraph 50)

8. We welcome the report's recognition of the valuable contribution the Mobile Met Unit makes to the Armed Forces. The Met Office is considering how the work of the Unit can be more fully reported in future Annual Reports, building on coverage included in the Annual Report for 2005–06.

Non-Executive Directors

We recommend that future annual reports and accounts for the MoD's agencies and trading funds provide details of non-executive directors and the skills which they have been appointed to provide. (Paragraph 57)

9. The MoD is considering the Committee's recommendation that future annual reports and accounts for the MoD's agencies and trading funds provide details of non-executive directors and the skills which they have been appointed to provide. Details of Met Office non-executive directors and their skills are included in the Met Office Annual Report 2005–06.

weatherXchange

The weatherXchange experience has led to greater awareness of the pitfalls that can arise. Although the lack of success is a regret, the level of loss should be placed in context. More than £20 million was generated by commercial activity last year. The total cost to the tax payer of the weatherXchange joint venture was of the order of £4.5 million. (Paragraph 64)

We would not wish to see the Met Office and the MoD overreact to the weatherXchange experience. We were reassured by the comments of the Minister and the Met Office's Chief Executive that commercial opportunities will be pursued. (Paragraph 65)

The MoD and Met Office must ensure that future joint ventures are established with indisputably concrete governance arrangements and that no conflicts of interest are possible. Furthermore, the Met Office must do more to test the business case of commercial ventures, and seek to bring greater business acumen into the organisation. (Paragraph 66)

10. We welcome the Committee's conclusions on the Met Office's relationship with weatherXchange. MoD has taken steps to ensure that lessons have been learned from this experience, and safeguards are in place to ensure that it could not be repeated in the Met Office or elsewhere in the department. These include stronger governance and business scrutiny processes, as highlighted in the report. These safeguards will not, however, adversely affect the Met Office's appetite for long-term commercial risk; indeed, a new "futures" team has been created which will concentrate on bringing new business opportunities to the market.

Staff Morale

The volatility among the Met Office's senior management is regrettable. The MoD and Met Office should work to ensure the organisation does not suffer as a result of that instability and that staff morale is supported. (Paragraph 69)

11. The MoD recognises that some short-term instability was caused by changes within the previous senior management team at the Met Office, and that this has had some impact on staff morale, as measured by the recent Employee Attitude Survey. The current senior management team is committed to maintaining stability of direction, and is working with staff to improve their understanding of issues affecting morale. A further measure of staff satisfaction will be taken in due course and we expect the results will reflect the improvements that are being made at the Met Office.

Grade of the Chief Executive

It seems absurd, given the calibre of the person the MoD is seeking, and has so far failed to find, that the MoD has reduced the grade of the post of Chief Executive of the Met Office. If the candidate is from outside the civil service, as seems probable given the importance of commercial experience, their grade will still be important in their relationship with the MoD and the international meteorological community. (Paragraph 73)

We can find no justification for the proposed down-grading of the post of Chief Executive. Despite the MoD's protestations, it is inconceivable that a reduction in grade of the Chief Executive will have no effect on how that post or person is perceived within the MoD or international science and meteorological communities. Given the difficulties in identifying a suitable permanent replacement as Chief Executive down-grading cannot assist in finding someone with suitable experience and skills. We recommend that the MoD reverse its decision and retain the three-star grade for the Chief Executive. (Paragraph 74)

12. The MoD has given careful consideration to the Committee's recommendation that the grade of the Chief Executive post should be increased to 3-star. It remains firmly of the view, however, that the current grade of 2-star is right. The scope and weight of the Chief Executive's responsibilities are not as great as those of those normally associated with 3-star officers. Nor are there any post-specific factors which suggest that over-grading would be appropriate in this case. There is no objective evidence to suggest that grading at 2-star would materially disadvantage the position of the Chief Executive within MoD or internationally. Nor should it be an obstacle to the recruitment of future Chief Executives from outside government, as there is considerable flexibility over the remuneration of such individuals regardless of their formal grade. Against this background, the MoD has no plans to change the grade of the post.