MINISTRY OF DEFENCE

CLAIMS
ANNUAL REPORT
2002/2003

Investor in People

JULY 2003

CONTENTS

INTRODUCTION BY THE CHIEF CLAIMS OFFICER

"The Defendant has to be cast iron in law, and on every point or fact in order to succeed. One chink and the Defendant loses"

This is our sixth Claims Annual Report. It covers another very busy year for the Ministry of Defence's Claims organisation during which, in addition to our normal core business, we were involved in some particularly important actions brought against the Ministry of Defence. The overall DC&L(F&S) expenditure in 2002/2003 was £104 million, of which £26.4 million was legal costs (that included non-claims activities handled by DC&L(F&S)), and £76 million was compensation. Operating costs were £1.6 million. Over the same period receipts of £6 million were recovered. In addition the cost of compensation claims handled by the overseas Area Claims Offices was £2.9 million

Financial year 2002/03 saw the conclusion of two very high profile cases against the Department. The first was the case of Matthews -v- Ministry of Defence, in which the Claimant, an ex-Serviceman suffering from an asbestos related disease, unsuccessfully challenged in the House of Lords the Department's reliance on Section 10 of the Crown Proceedings Act 1947, as a defence to his claim for compensation. Lord Bingham, Lord Hoffman, Lord Millet, Lord Hope and Lord Walker heard the appeal on 13 and 14 January and handed down a unanimous judgment on 13 February 2003 in favour of the Ministry of Defence. If Mr Matthews were to have been successful in the House of Lords, compensation would have been payable to a significant number of claimants who were legally barred by Section 10 from receiving compensation from the Ministry of Defence.

Of equal significance was the Post Traumatic Stress Disorder (PTSD) Group Action against the Ministry of Defence. The action in the Royal Courts of Justice by some 2,000 former members of HM Forces, mainly relating to service during the Falkland conflict, Gulf conflict, Bosnia and Northern Ireland commenced on 4 March 2002 on the basis that the Ministry of Defence failed to recognise, diagnose and treat the alleged PTSD. This action, which was one of the largest group actions ever brought in English legal history, and the highest value claim brought against the Ministry of Defence, concluded on 13 November 2002. Judgment was handed down on 21 May 2003, when Mr Justice Owen ruled in favour of the Ministry of Defence.

Another action against the Department that attracted the attention of the media related to 233 claims for personal injury or death from Kenyan tribes people allegedly injured by unexploded ordnance. These claims were settled by way of mediation for £4.5 million in July 2002.

Some would say that the compensation culture has gone too far. For example, some primary schools have banned football during playtime for fear of being sued by injured children, and a doctor refused to assist someone taken ill on board a scheduled passenger flight for the same reason. TV adverts are often blamed for the increase in compensation claims and one has only to open a national newspaper to read reports of claims being pursued by individuals against their employers, local authorities, NHS or the Ministry of Defence to name a few. It would appear that nobody has an accident without blaming someone else for his or her mishap. But is this a fair conclusion? Some suggest that the increase in claims is a sign of an educated society whose citizens are aware of their rights, and who are now willing to take legal action in pursuance of those rights. However, whether or not this is so, the huge rise in compensation claims, and the burden this places on defendants, is encouraging more emphasis to be placed on taking steps to prevent the incidents that give rise to compensation claims in the first place. It is not surprising

therefore to see Risk Management attracting greater prominence within the Ministry of Defence. My Risk Management team continue to be fully employed in addressing risk management matters relating to Ministry of Defence claims. In the past year we have issued progress reports to PUS and prepared a paper for 2nd PUS to submit to the Defence Management Board that highlighted the cost of compensation claims. Each TLB now receives a regular statistical breakdown of the claims activity in their budget area and DCDS(Pers) has given excellent backing to a number of initiatives which are discussed in the main body of this report.

It has been one of my objectives as Chief Claims Officer to ensure that Claims staff undergo appropriate legal training to ensure they acquire a thorough knowledge of the Civil Procedure Rules and to keep them abreast of developments in common law. As in previous years, Claims staff have attended a structured series of legal training courses. This ongoing training package, underpinned by the Claims and Legal Functional Competence Framework, has ensured that staff are armed with the appropriate skills and knowledge to be effective members of the Claims team. This training attracts continued professional development status if attended by solicitors.

We have pursued mediation, a new and somewhat novel approach to claims settlement advocated by the then Lord Chancellor, as an alternative to the traditional method of settlement. In 2002/03, a number of mediation meetings took place, and I anticipate the number of such meetings increasing in future years.

I commend the report to you all, and hope that in addition to raising the awareness of Claims issues within the Ministry of Defence, readers irrespective of their position within the Department will appreciate the cost, not solely in financial terms, of acts of negligence, and play their part in reducing them.

Additional copies of this report are available from the DC&L(F&S) Focal Point, Room 601, St Giles Court, 1-13 St Giles High Street, LONDON WC2H 8LD. (Tel: 020 7807 0049/0056 or Fax: 020 7807 0051). Copies can also be found on the Ministry of Defence intranet or supplied on disk.

EXECUTIVE SUMMARY

1. Total DC&L(F&S) expenditure in the year 2002/03 was £104 million, of which £26.4 million was legal costs and £76 million was compensation. Operating costs were £1.6 million. Over the same period receipts of £6m were recovered.

2. Highest claim settled in year was £4.5 million

3. At 1 April 2003, the total number of new claims lodged with DC&L(F&S)Claims or the Department's commercial claims handlers was approximately 9000

4. 709 public liability claims were settled at a total cost of £10 million

5. 733 Service personnel employer's liability claims were settled at a total cost of £40 million.

6. 872 civilian employer's liability claims were settled at a total cost of £15.6 million.

7. 3142 third party motor claims in the UK were settled at a total cost of £7 million.

8. 60 clinical negligence claims were settled at a total cost of £9 million.

9. 22 Employment Tribunal cases were settled at a total cost of £672,000

10. ACO Balkans settled 117 cases at a total cost of £134,000

11. ACO Falkland Islands settled 4 cases at a total cost of £1,400

12. ACO Northern Ireland settled 438 cases at a total cost of £1.1 million

13. ACO North West Europe settled 988 cases at a total cost of £1.2 million.

14. ACO Cyprus settled 337 cases at a total cost of £446,000

15. 2045 intentions to claim are registered for those alleged to be suffering from Gulf Veterans' Illnesses.

SECTION ONE

INTRODUCTION

ORGANISATION

1.1 The Ministry of Defence Claims branch (DC&L(F&S)Claims) is primarily responsible for processing common-law, non-contractual compensation claims against and on behalf of the Ministry of Defence at home and abroad. It is not responsible for contractual, quasi-contractual, sales or estates matters. It is headed by the Chief Claims Officer (Band B1) and two Senior Claims Officers (Band C1). The Chief Claims Officer reports through DC&L(F&S) and DGSP Pol to DCDS(Pers). Details of the staffing and work of the Claims branch are at Annex A.

Responsibilities

1.2 In addition to being responsible for processing common law compensation claims, Claims branch also has a number of other important responsibilities such as providing claims policy advice, handling Service personnel employment tribunal claims, handling claims against foreign forces based in the UK and providing advice on insurance and indemnities. It undertakes a variety of secretariat tasks and during the period of this report dealt with 89 Ministerial Correspondence, 126 Treat Official Correspondence and 40 Parliamentary Questions.

1.3 Area Claims Officers and their staff are located in areas where there is a sizeable defence presence - Northern Ireland, North West Europe, Cyprus, Bosnia, Kosovo and the Falkland Islands. Area Claims Officers are accountable to their Command Secretary but have a professional responsibility to the Chief Claims Officer.

1.4 It is important that staff at all levels within Claims branch acquire the skills, knowledge and experience needed to enable them to contribute effectively to the goals of the organisation. Claims staff attend a series of structured specialist training seminars covering all aspects of common law compensation. In recognition of the specialised nature of the work, a functional competence framework has been introduced to focus on the key skills and training required. In addition, staff have studied for common law diplomas and professional insurance examinations.

Policy and Procedures

1.5 When compensation claims are received from Ministry of Defence civilian and Service employees, former employees and members of the public, they are considered on the basis of whether or not the Ministry of Defence has a legal liability to pay compensation. Where there is a proven legal liability, compensation is paid. To deal with cases on any basis other than legal liability requires difficult subjective judgements to be made that would undoubtedly lead to inconsistency and unfairness.

1.6 The amount of compensation paid is determined by common law principles which, broadly, take account, as appropriate, of the individual's pain and suffering, degree of injury, property losses, past and future financial losses, level of care required, etc. Levels of compensation including these elements can vary greatly depending on an individual's circumstances. Advice is sought where necessary from Treasury Solicitor's Department, and

our commercial claims handlers' panel solicitors for cases brought in England and Wales; the Crown Solicitor in Northern Ireland; and Morton Fraser Solicitors, the Department's legal advisers in Scotland. Junior and leading counsel are also consulted on high profile or complex cases or where a point of law needs to be explored. The majority of cases are settled amicably one way or the other and most payments of compensation are made without Claimants having to take the Ministry of Defence to court.

1.7 In accordance with Treasury policy, the Ministry of Defence does not normally make ex-gratia compensation payments in respect of occurrences within the UK. There are, however, a small number of exceptions: i.e. claims arising from military low flying aircraft; claims from volunteers who are injured during research work and for certain miscarriages of justice affecting Service personnel. In certain overseas areas, because of the provisions of the NATO Status of Forces Agreement and other international agreements, the Ministry of Defence is obliged to consider making ex-gratia payments following off duty torts. Such claims arise from a wide variety of incidents ranging from minor criminal damage to rape and murder. While there is no legal obligation, each case is decided on its merits. A number of factors are taken into account including: the degree of infamy (the seriousness of the offence), the conduct of the injured party, the practice of the host country in identical circumstances, the degree of financial hardship to the claimant as a result of the incident, the political implications - locally and nationally - on relations with the host country, and the availability and/or financial ability of the tortfeasor (wrong-doer) to make satisfactory restitution to the claimant.

1.8 In addition to common law claims, Claims branch also handles claims relating to Employment Tribunal applications brought by current or former Service personnel. These claims typically involve allegations of sexual/racial discrimination or sexual/racial harassment. However, as from 1 April 2003, DC&L(F&S)Claims disaggregated the Employment Tribunal budget to the single Service secretariat branches, who will now be responsible for the investigation and settlement of such claims.

SECTION TWO

RISK MANAGEMENT

"Condemn the fault, and not the actor of it" - William Shakespeare, Measure for Measure

2.1 The significance of Risk Management cannot be over emphasised, and the Risk Management Group (RMG) has done much to raise the profile of this issue within the Department. To this end, in addition to providing progress reports to PUS on claims risk management matters a paper was submitted by 2nd PUS to the Defence Management Board that highlighted the cost of compensation claims. A further initiative to drive home the message about the costs of claims and the type of accidents that give rise to claims is the promulgation of statistical information providing a breakdown of the number and costs of claims attributed to each TLB.

2.2 The RMG also produces a quarterly newsletter that provides news and updates on important legal and claims issues including the current concerns of the legal and insurance industry. The Ministry of Defence case histories illustrate just how serious the consequences of a seemingly minor incident can be in terms of human suffering, as well as the financial impact on the Defence budget. Distribution of the newsletter has steadily grown to around 350 copies; it is also available on the Ministry of Defence intranet (Defence Net).

2.3 The work undertaken by the RMG is governed by the Claims Risk Management Working Group, which is chaired by the Chief Claims Officer. Its members are from Claims, Health and Safety, the former Defence Secondary Care Agency, Land Accident Investigation Team and the Ministry of Defence Road Transport Safety Team. Since its establishment the Working Group has tasked RMG to investigate and report on a number of areas that give rise to claims. RMG have produced seven working papers for the Working Group's consideration on risk issues such as parachuting and public order training. The papers identify accident and causation trends and where possible comparison with other organisations.

2.4 The RMG has been working to improve the quality of claims data held by the branch and the Department's contracted claims handlers, Royal & SunAlliance and AXA Corporate Solution Services. A major problem is where units and individuals have not recorded their Unit Identity Number (UIN) and TLB details, either when asked to do so or when completing the road traffic accident report form (FMT3). Limited progress has been made to allocate UINs to claims. Royal & SunAlliance has now undertaken to ensure that all claims have a UIN allocated to them before they close the claim case file.

2.5 The allocation of a UIN allows DC&L(F&S)Claims to provide establishments and units with a history of those claims arising out of accidents which occurred in their areas.

2.6 The RMG has also analysed the data collated by Royal & SunAlliance in order to identify the causes of claims made by Service personnel and the TLBs in which the accidents occurred. The highlights of this information is shown at Annex E.

2.7 The cost of litigation remains a significant part of the expenditure involved in settling a claim and since April 2000 a solicitor representing a successful claimant has been able to

recover an uplift in fees under Conditional Fee Arrangements and after-the-event insurance premiums.

2.8 Fixed fees have been introduced for road traffic accident claims worth up to £10,000. This will see the average base fee falling from £3,000 to £1,400 and should also allow the Ministry of Defence to deal with road traffic claims much more quickly.

2.9 A Claims Risk Management video is being produced which will be issued widely throughout the Department and the Armed Services in order to try to bring home to Service personnel and civilian staff at all levels the terrible human and financial cost of accidents.

SECTION THREE

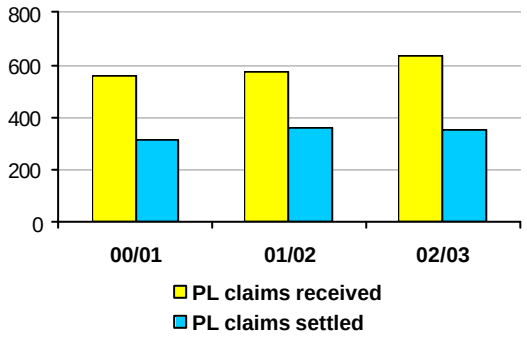
PUBLIC LIABILITY CLAIMS

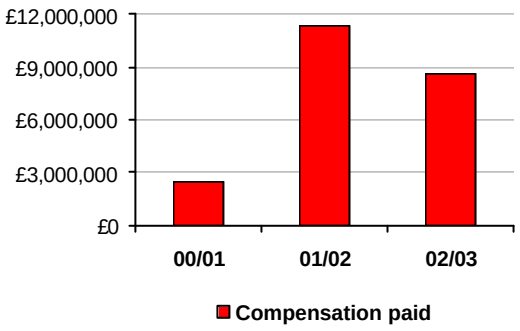
"Nothing astonishes men so much as common sense and plain dealing"
Ralph Waldo Emerson

CLAIMS PUBLIC LIABILITY GROUP

3.1 The majority of claims submitted to the Public Liability Group (PLG) are for personal injury or property damage. Most personal injury claims are from members of the public who have either been injured on Ministry of Defence property or have sustained injuries whilst taking part in the various public relations and recruiting activities run by the Services; e.g. injuries sustained on assault courses.

3.2 Property damage claims usually emanate from personnel working and living in service accommodation who have had their belongings damaged by the poor maintenance of the properties they occupy. In the past year claims have been received due to water damage from burst pipes, damp from poor insulation and potholes in roads. Several claims were also submitted as a result of the adverse weather conditions in the UK last year but the majority of these claims were repudiated unless there was evidence that the Ministry of Defence had been negligent in some respect. There continued to be a number of claims from owners of privately owned vehicles damaged by the improper operation of security barriers, ramps and gates at check points. Twenty claims, settled at a cost of £24,000, were mainly caused by carelessness and therefore avoidable.





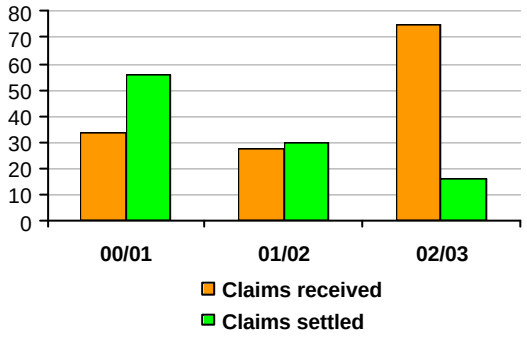
	2000/01	2001/02	2002/03
Number of PL Claims Received	556	570	631
Number of PL Claims Settled	310	356	354
Compensation Paid (£ million)	**2.5**	**11.3**	**8.5**

3.3 Compensation in FY02/03 included £4.5 million, plus legal costs, paid in the case of Kenyan tribes people injured or killed by UXOs. A further property damage claim, resulting from the pollution by oil of a trout farm, was settled by mediation for a sum in excess of £300,000. Details of both these cases can be found at Section 11 of this report.

PUBLIC LIABILITY CLAIMS - NORTHERN IRELAND

3.4 The PLG also deals with public liability claims from Northern Ireland which have a political and/or sensitive nature. Claims are normally received from members of the public who have had some altercation with members of the armed forces whilst in support of the Police Service of Northern Ireland (PSNI). In the past, the majority of claims were for alleged assault, harassment or wrongful arrest, quite often at vehicle checkpoints. The table below shows a marked increase in the number of claims received in the last financial year which was mainly due to the increased requirement for military support in the face of sustained rioting in Belfast between January and October 2002, when 85 plastic baton rounds were fired by the Army. 26 personal injury claims have been received for injuries allegedly caused by plastic baton rounds during this period.

3.5 Of the compensation paid in the last financial year, £112,500 related to one very old incident. Disregarding the claims resulting from this incident (three in number), the average paid per claim was £1,654, a continuing drop on previous years.



	2000/01	2001/02	2002/03
Number of Claims Received	34	28	75
Number of Claims Settled	56	30	16
Compensation Paid (£)	**320,000**	**74,000**	**119,000**

MARITIME CLAIMS

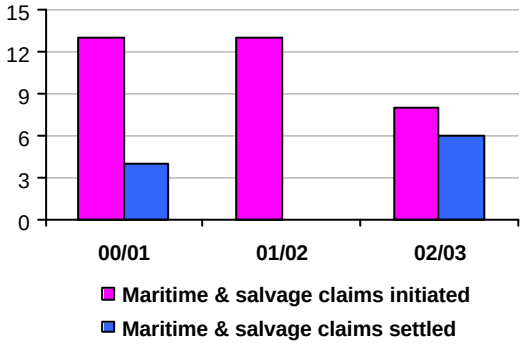
"A ship in port is safe, but that's not what ships are built for." - Grace Murray Hopper

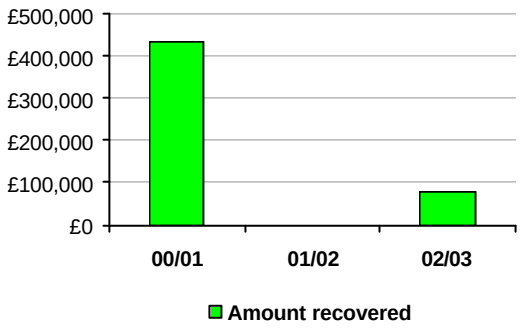
3.6 Maritime claims by and against the Ministry of Defence result mainly from collisions, oil spillage, gunnery/missile firing incidents, damage to static property, wash damage, fishing gear damage and the salvage and recovery of Ministry of Defence property. Maritime law is complex and much of the legislation dealing with the law of the sea was enacted more than ninety years ago.

	2000/01	2001/02	2002/03
Number of property claims received	28	30	52
Number of property claims settled	23	32	49
Amount paid (£)	**166,000**	**218,000**	**235,000**
Number of salvage claims received	Included in above figures	2	5
Number of salvage claims settled	Included in above figures	3	7
Amount paid (£)	Included in above figures	**271,000**	**198,000**

3.7 There was a marked increase in the number of property damage claims received this year mainly attributable to 25 individual claims from crew members of HMS Nottingham whose personal property was destroyed when she ran aground in July 2002.

3.8 The Ministry of Defence provides assistance to ships in distress in UK waters and regularly helps in other parts of the world. If as the result of the assistance given a vessel is salved, the Department is entitled to claim salvage based on the value of the ship and its cargo. Part of the amount in salvage is paid to the crew of the assisting ship or aircraft in accordance with the Merchant Shipping Act 1864. It is Ministry of Defence policy not to claim salvage when life saving has been the main aim of the assistance given. Although uncommon, salvage claims by members of the public for the successful recovery of our property can likewise be made against the Department.





	2000/01	2001/02	2002/03
Number of maritime recovery and salvage claims initiated	13	13	8
Number of maritime recovery and salvage claims settled	4	Nil	6
Amount recovered (£)	**434,000**	**Nil**	**78,000**

3.9 In addition to the work undertaken by Claims branch, Flag Officer Scotland, Northern England and Northern Ireland (FOSNNI) and Flag Officer Sea Training (FOST) have delegated authority to settle claims of up to £8,000 per fishing gear claim, £5,000 per collision claim and £1,000 per oil spillage claim.

	2000/01	2001/02	2002/03
Number of claims settled by FOSNNI	35	43	29
Amount paid by FOSNNI (£)	59,000	56,000	38,000
Number of claims settled by FOST	33	40	32
Amount paid by FOST (£)	61,000	46,000	40,000
Total amount paid (£)	**120,000**	**102,000**	**78,000**

LOW FLYING MILITARY AIRCRAFT CLAIMS

"It is possible to fly without motors but not without knowledge and skill" - Wilbur Wright

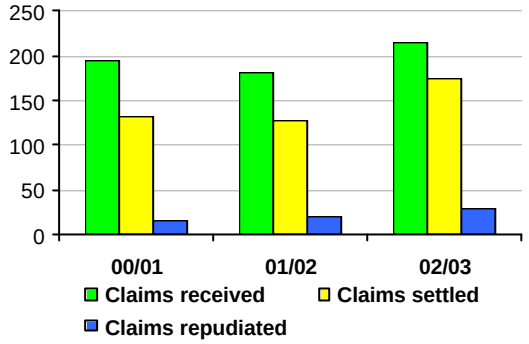
3.10 The activities of low flying military aircraft can sometimes give rise to claims for compensation from members of the public. The most common claims are those involving injury to or death of livestock and/or damage to property although claims are sometimes received for personal injury. Many of the claims are for relatively small amounts, but low flying military aircraft activity is an emotive issue in some areas of the country. Such claims are handled on an ex gratia basis but are investigated in the same way as if the principles of common law legal liability applied. The foundation of this approach is the Royal Prerogative which gives an absolute right for all military flying activity and, therefore, an injured party has no legal rights of redress for compensation. This approach was set out in a Lords Written Answer by Lord Drumalbyn on 22 November 1971 (Official Report Column 888):

"… No remedies exist in law against any military aircraft flying by virtue of the Royal Prerogative for the purpose of the defence of the Realm or of training or of maintaining the efficiency of the Armed Forces of the Crown. The ... Ministry of Defence will, however, pay compensation on an ex gratia basis if satisfied that the damage has been caused by a military aircraft."

3.11 A procedure has been in place since 1994, following consultation with various farming unions and landowners' associations, for dealing with claims relating to death or injury to livestock. The procedure was most recently updated in December 1999 after a round of consultations with the NFU, Country Landowners' Association and other similar bodies. In accordance with the Livestock and Animal Compensation Claims Guidance the claimant should report the incident promptly, provide veterinary evidence and a fully quantified claim.

3.12 Unfortunately, this is a category of work that requires careful monitoring to identify potentially fraudulent claims.

3.13 On a local level, where public relations play an important role, RNAS, AAC and RAF Station Commanders have delegated authority to settle straightforward property damage claims up to the value of £200 where the claimant lives within two miles of the air field. In addition, the Regional Community Relations Officers (RCROs) have been given authority from the Chief Claims Officer to recommend fast track settlements for simple straightforward claims up to £250.

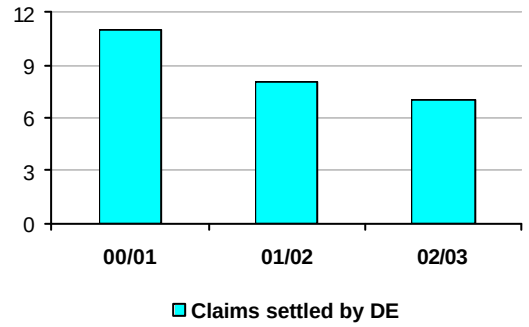


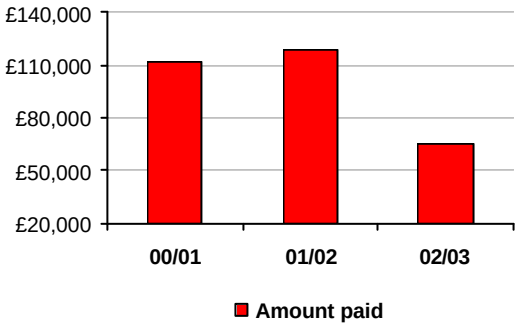
	2000/01	2001/02	2002/03
Number of claims received	194	182	215
Number of claims settled	131	127	174
Number of claims repudiated	15	20	30
Amount paid (£)	**822,000**	**1,047,000**	**469,000**

3.14 This year there was a sharp increase in the number of claims made against the Ministry of Defence, reflecting the increase in flying activity in preparation for operations duties. However the total value of the claims settled has decreased.

AIR CRASH CLAIMS SETTLED BY DEFENCE ESTATES

3.15 The Defence Estates organisation (DE) has delegated authority to settle property damage claims arising from military aircraft crashes in the UK within delegated financial authority of up to £50,000 per claim. DE personnel perform valuable work in the aftermath of an air crash and have the expertise to assess many different types of damage from forestry to buildings. This was well illustrated following a RAF Hawk crash at Shap, Cumbria, in October 1999 where a number of properties were severely affected by debris from the crash.

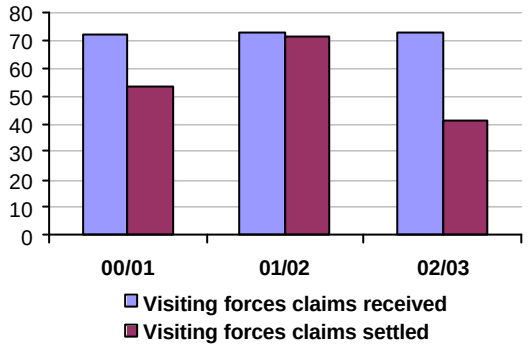




	2000/01	2001/02	2002/03
Number of claims settled by DE	11	8	7
Amount paid (£)	**112,000**	**119,000**	**65,000**

VISITING FORCES CLAIMS

3.16 The PLG handles third party claims by and against Visiting Forces based in or visiting the United Kingdom under the provisions of Article VIII of NATO SOFA and Section 9 of the Visiting Forces Act 1952. Such claims could be on behalf of any of the states who are signatories to the agreement or who are invited to train in the UK, but primarily involve the USA, Holland, Belgium and Germany. Claims are investigated and handled in exactly the same way as if British Forces were involved and, if satisfied that the Visiting Force is liable, the Ministry of Defence pays compensation on their behalf. In the case of NATO countries, the Sending State is generally billed for 75% of the amount paid, the United Kingdom paying the other 25%.



	2000/01	2001/02	2002/03
Number of visiting forces claims received	72	73	73
Number of visiting forces claims settled	53	71	41
Compensation paid (£)	**875,000**	**265,000**	**246,000**

3.17 Visiting Forces claims can be categorised as follows:

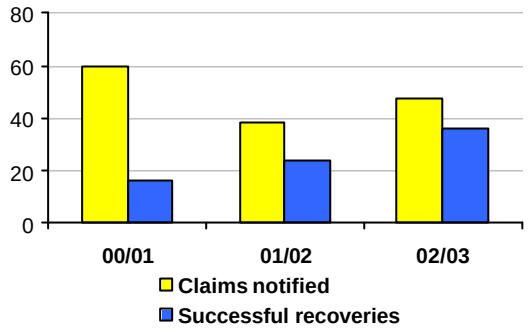
2002/03	Property Damage	Personal Injury	RTAs	Misc	Total
Claims Received	12	24	35	2	73
Claims Settled	7	9	25	0	41
Compensation Paid (£)	16,156	192,704	37,153	0	246,013
MOD Contribution (£)	**4,000**	**30,000**	**7,000**	**0**	**41,000**

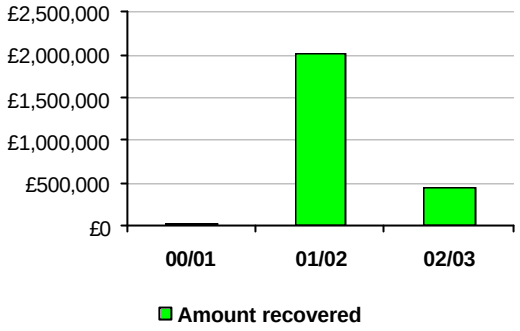
FINANCIAL RECOVERIES

3.18 Where the Ministry of Defence sustains loss or damage to equipment, or property, which has been caused by a third party, the PLG will seek to recover those losses from the third party. The main causes for taking action against third parties are occasions where Ministry of Defence static property has been damaged by vehicles, fire, or the negligence of a contractor.

3.19 Less often, the PLG will seek to recover compensation from third parties overseas following road traffic accidents and will also assist visiting forces to make recoveries in the UK if requested to do so.

3.20 The number of recoveries processed by the PLG in each of the last three financial years is shown in the following graphs and table:





	2000/01	2001/02	2002/03
Number of claims notified	60	38	47
Number of successful recoveries	16	24	36
Amount recovered (£)	**13,000**	**2,016,000**	**439,000**

SECTION FOUR

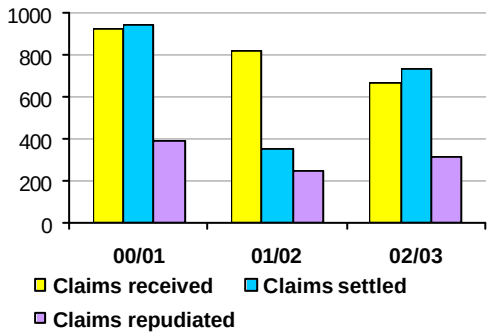
SERVICE PERSONNEL EMPLOYER'S LIABILITY CLAIMS

"It doesn't take a hero to order men into battle. It takes a hero to be one of those men who goes into battle." General Norman Schwarzkopf

4.1 Prior to 1948, it was not possible for any individual to sue the Crown. This was because of the long held principle that 'the Crown could do no wrong'. However, in 1947, legislation was passed enabling the Crown to be sued for acts of negligence. Section 10 of that legislation, The Crown Proceedings Act 1947, prevented Service personnel who were on duty or on any land, premises, ship, etc. being used for the purposes of the Armed Forces from suing for compensation. This position remained until 15 May 1987 when The Crown Proceedings (Armed Forces) Act 1987 repealed Section 10 of The Crown Proceedings Act 1947. Since then Service personnel have, like any other employee, been entitled to sue the Ministry of Defence for compensation where they have suffered as a result of the Department's negligence. The repeal of Section 10 was not made retrospective.

4.2 Compensation in the form of a War Disablement Pension and associated benefits is also available to all former members of HM Forces suffering from Service attributable illness or injury. War Pensions are administered and paid by the Ministry of Defence's Veterans Agency (formerly the War Pensions Agency) and are non-discretionary, not means-tested and are made on a no-fault, tax free and retrospective basis. They are uprated annually. Most pension and related benefit rates vary depending on the degree of physical disability and do not reflect actual financial losses or hardships.

4.3 Royal and SunAlliance plc have been handling personal injury claims from Service and ex-Service personnel on behalf of the Ministry of Defence since 1 July 1996 when they were first awarded the contract. Following a competitive tender exercise they were re-awarded the contract for a further 5-year period as from 1 May 2002. Claims notified before 1 September 1996, and some more recent political or sensitive claims, are handled by the Employers Liability Group within DC&L(F&S)Claims. The number of claims and amounts paid are shown below:

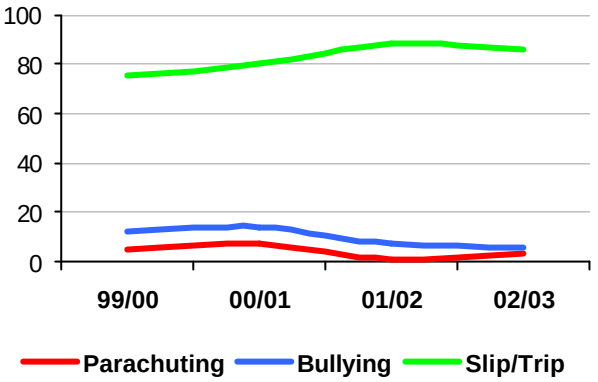


	2000/01	2001/02	2002/03
Number of claims received	924	819	666
Number of claims settled	948	351	733
Number of claims repudiated	397	253	322
Amount paid (£ million)	**37**	**32**	**40**

TRENDS

4.4

Claims received	1999/00	2000/01	2001/02	2002/03
Parachuting	5	7	1	3
Bullying	12	14	7	6
Slip/trip	75	80	88	86



BRIEF SUMMARY OF GROUP ACTIONS

NUCLEAR TEST VETERANS

4.5 Compensation for UK Nuclear Test Veterans was the subject of an Adjournment Debate held in Westminster Hall at the Houses of Parliament on 4 December 2002. At the Debate, Dr Lewis Moonie, the then Under Secretary for State for Defence, restated the Ministry of Defence's position that there is no scientific or medical evidence which shows that participation in the test programme had a detectable effect on the participants' expectation of life or on their risk of developing cancer or other fatal diseases. In addition, there is no evidence that shows that the health or other physical problems suffered by the children or grandchildren of test veterans could be attributed to participation in the test programme. He did however invite the nuclear test veterans to present any new evidence that supported their case for independent review. A third National Radiological Protection Board report carried out independently of the Ministry of Defence was published in early 2003. The report, as did the previous two published in 1988 and 1993, supported the Ministry of Defence's position in this matter.

4.6 Two firms of solicitors (Alexander Harris Solicitors, Altrincham and Clark Wilmot and Clark Solicitors, Bristol) announced in July 2002 that they had been jointly instructed by British nuclear test veterans to act on their behalf in an action against the Ministry of Defence for damages. It is understood that the solicitors have secured legal aid from the Legal Services Commission to pursue this matter. To date, no further announcements have been made.

RADIATION COMPENSATION SCHEME

4.7 The Ministry of Defence is a member of the nuclear industry's Compensation Scheme for Radiation Linked Diseases. This is a no fault scheme where there is no requirement for Claimants to prove negligence on the part of the Department in order to receive compensation.

The Scheme, which the Ministry of Defence joined in 1994, was set up and is run jointly by the participating employers and Trade Unions and does not affect the Claimants' right to seek legal redress. The Scheme provides for the assessment of a case, on an agreed technical basis, in order to determine the probability that a cancer contracted by a worker could have been caused by occupational radiation exposure. The amount of compensation payable in a successful case is determined by negotiation between the solicitors representing the parties based upon the same guidelines that would apply if the case had proceeded to Court. The Scheme provides for payments to be made for lower levels of causation probability than would be allowed by the Courts. In addition, the Scheme provides "full" payment of compensation at a level of 50% causation probability and lesser payments down to a level of 20% causation probability. In this way the assessment of a case recognises that even below the balance of probability there is a chance that exposure to occupational ionising radiation played a role in the disease.

4.8 During financial year 2002/03, the Scheme received 15 new claims from former Ministry of Defence employees (military and civilian) who believe their illness is associated with exposure to occupational ionising radiation. Over the same period, 9 claims were repudiated as failing to meet the minimum 20% causation probability and 3 claims were settled. In addition to the claims settled under the Scheme, 2 further radiation related cases were settled by the Ministry of Defence on the basis of legal liability.

POST TRAUMATIC STRESS DISORDER (PTSD)

4.9 The Ministry of Defence acknowledges that some members of the Armed Forces may, during the course of their careers, be subjected to traumatic experiences and may suffer stress as a result. This does not necessarily mean that the Ministry of Defence has been negligent. Ministry of Defence does, however, have a duty to ensure that Service personnel receive proper treatment and where we fail in this respect, and the individual suffers loss or damage as a result, then that individual may be entitled to compensation.

4.10 As highlighted in last year's Claims Annual Report, about 2,000 PTSD claims have been received from former members of HM Forces. These claims mainly relate to service during the Falkland Islands conflict, Gulf conflict, Bosnia, and in Northern Ireland. Because many of the claims contain similar allegations the Lord Chief Justice set up a Group Action in 2000. The allegations in general terms were that the Department was negligent in that it failed to properly recognise, diagnose and treat those said to be suffering from PTSD. The action, which commenced in the High Court on 4 March 2002, was one of the largest group actions brought in the legal history of the UK, and the highest value claim ever brought against the Ministry of Defence. By way of illustrating the magnitude of the case, the Ministry of Defence disclosed 36,000 documents to the opposing side in defending the litigation. The action concluded on 13 November 2002 and Judgment in favour of the Ministry of Defence was handed down on 21 May 2003. Except in a number of very minor respects, the Claimants' arguments were rejected, and the Judge held that the Ministry of Defence had not been in breach of its duty of care to them. The Judge decided that the Ministry of Defence's systems operated reasonably when judged against the standards imposed by the common law as well as the policies and practices of the USA and Israel, the two countries with probably the most experience of psychiatry and war. The Judge did, however, find that the Ministry of Defence was in breach of duty to individual Claimants in four of the 22 lead cases. He emphasised that these failings were not because of faults in the Ministry of Defence's systems and policies but arose because of failures of individuals.

GULF VETERANS' ILLNESS

4.11 The Ministry of Defence has still not received any writs or detailed claims stating specific allegations of negligence sufficient to start considering these claims. The Ministry of Defence has not accepted either cause or negligence, but has acknowledged less than satisfactory handling of a number of matters, such as the failure to transfer details of vaccination to permanent records, the way in which "informed consent" was implemented and the initial failure to provide information about the use of organophosphates.

4.12 The web site of the solicitors instructed by the Gulf veterans states that advice from Queen's Counsel on the merits of their case has been received. However, the Ministry of Defence has not been notified about the content of the advice

4.13 The number of new notifications registering an intention to claim from Gulf veterans, their families and civilians has reduced compared to previous years. During the past year Claims branch received 16 notifications. The total number of such notifications as at 31 March 2003 was 2,045, of which 1,943 are deemed to be currently 'active'.

4.14 Further information on Gulf veterans' illness issues is available from the Ministry of Defence's Gulf Veterans Illness Unit web site at www.mod.uk/issues/gulfwar.

PORTON DOWN

4.15 We have received notification of potential claims by some 500 former Service volunteers relating to biological and chemical research tests at Porton Down in the 1950s and 1960s. Solicitors acting for these veterans have previously indicated that their clients will soon be in a position to serve proceedings on the Ministry of Defence.

4.16 The alleged incidents at Porton Down have also been subject of an investigation by Wiltshire Police and we understand the police have now submitted files to the Crown Prosecution Service (CPS). The CPS will be taking Treasury Counsel's advice on this matter, in particular on the issue of "informed consent" in the context of criminal assault. We are still awaiting the CPS to promulgate their decision. The Ministry of Defence has co-operated fully with Wiltshire Police during their inquiry.

ASBESTOS RELATED CLAIMS (SECTION 10 CROWN PROCEEDINGS ACT)

4.17 Prior to May 1987 Service personnel were prevented by law from pursuing claims for compensation from the Ministry of Defence by Section 10 of The Crown Proceedings Act 1947 (Crown Immunity prevented claims from being made prior to 1947). However, Section 10 was repealed by The Crown Proceedings (Armed Forces) Act 1987. Since the change in the law, which was not made retrospective, Service personnel who suffer loss or injury as a result of negligence by the Ministry of Defence have been entitled to make common law claims for compensation.

4.18 It therefore follows that members of the Armed Forces who were exposed to asbestos dust and fibre during service before 15 May 1987, are prevented by law from receiving compensation from the Ministry of Defence. The legal position is that even if an ex-Serviceman only now discovers he has an asbestos related disease, he cannot sue for compensation if exposure was before the repeal of Section 10 of The Crown Proceedings Act 1947. Given that controls over the use of asbestos were introduced in the early 1970s, this is and will be the case

for the vast majority of ex-Service claimants (the time between exposure and the first signs of disease is typically between 15 and 40 plus years).

4.19 When Parliament debated the repeal of Section 10, the question of retrospection was considered and motions to allow all past and present members of HM Forces or their dependants to pursue compensation claims for injury or death were moved: they were defeated or withdrawn. The view then, as it is now, was that there is no logical point at which to draw a line, short of trying to cover all types of injury, and this would create more examples of unfairness and injustice. The Government, therefore, has no plans to introduce legislation to allow ex-Service personnel suffering illness or injury before 1987 to be paid common law compensation.

4.20 Some veterans believe that there is unfairness in the way in which claims from former members of HM Forces suffering from asbestos related disease are considered in comparison with claims from former Ministry of Defence civilian employees. This apparent unfairness, and the scope for providing former members of HM Forces with additional help, was the subject of an internal review two years ago. The review, however, demonstrated that compensation through war pensions and associated allowances or common law can be shown to be broadly comparable over time, and that there is no general unfairness in the way in which these claims are handled. It would be inequitable to treat this group in isolation in terms of common law compensation because to do so would create many examples of unfairness and injustice.

MATTHEWS -V- MOD (HOUSE OF LORDS JUDGMENT)

4.21 Mr Matthews, an ex-Serviceman suffering from an asbestos related disease challenged this position on the basis that Section 10 of the Crown Proceedings Act 1947 is incompatible with the European Convention of Human Rights. The matter was heard in the High Court in December 2001 and judgment was handed down in favour of the Claimant. The Department secured leave to take this matter expeditiously to the Court of Appeal which overturned the High Court decision, but granted leave for Mr Matthews to take this matter to the House of Lords.

4.22 Lord Bingham, Lord Hoffman, Lord Millet, Lord Hope and Lord Walker heard the appeal on 13 and 14 January this year. A unanimous judgment was handed down on 13 February 2003 in favour of the Ministry of Defence.

4.23 The solicitors acting for Mr Matthews intimated in March 2003 that their client will now proceed to the European Court of Human Rights (ECHR) for a hearing to challenge the decision of the House of Lords. Mr Matthews has six months to lodge his application with the ECHR.

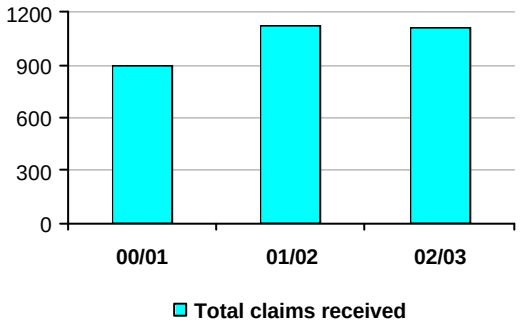
SECTION FIVE

CIVILIAN STAFF EMPLOYER'S LIABILITY CLAIMS

"Recompense injury with justice" – Confucius

5.1 Since 1982 the Ministry of Defence has contracted out the handling of its civilian employee employer's liability claims. As from 1 May 2002 Royal and SunAlliance plc have been handling all new civilian Employer's Liability claims on behalf of the Ministry of Defence under a 5-year contract. The contract was previously held by AXA Corporate Solution Services Ltd which is continuing to handle those claims first notified up to 30 April 2002. The information below reflects the combined total from both companies.

5.2 Ministry of Defence civilian employees injured in the course of their official duties may be able to claim compensation. Over the period 2001/02, 872 claims from Ministry of Defence civilian employees were settled. Details on how to submit a claim are contained in Volume 16, Section 7 of the Ministry of Defence Personnel Manual. The main types of claims received in the last three years from current or former Ministry of Defence civilian staff are shown in the charts below.



Claims received	**2000/01**	**2001/02**	**2002/03**
Asbestos related disease	215	368	464
Noise Induced Hearing Loss	143	110	121
Vibration White Finger	35	70	112
Accident Injury (Trip/Slip, Lifting, Machinery)	498	573	416
TOTAL	**891**	**1,121**	**1,113**

Claims settled (£)	**2000/01**	**2001/02**	**2002/03**
Asbestos related disease	7,115,000	2,803,629	7,505,319
Noise Induced Hearing Loss	682,000	4,682,601	613,013
Vibration White Finger	115,000	378,764	242,443
Accident Injury (Trip/Slip, Lifting, Machinery)	6,806,000	4,893,827	7,267,592
Amount Paid (£ million)	**14.7**	**12.8**	**15.6**

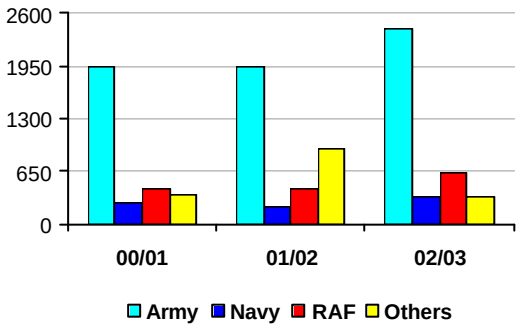
SECTION SIX

MOTOR CLAIMS

"The best car safety device is a rear-view mirror with a cop in it" Dudley Moore

THIRD PARTY MOTOR CLAIMS - UK

6.1 Since 1982, the Ministry of Defence has contracted out the handling of claims made against the Department by other road users. The contract for the period 2002 to 2007 is held by AXA Corporate Solution Services Ltd. The majority of motor accidents involving Ministry of Defence vehicles occur within the UK, although AXA do handle around 40 third party claims each year from UK based vehicles travelling in mainland Europe. The number of third-party claims settled by AXA was 3142. A breakdown of the number of such claims received is shown below.

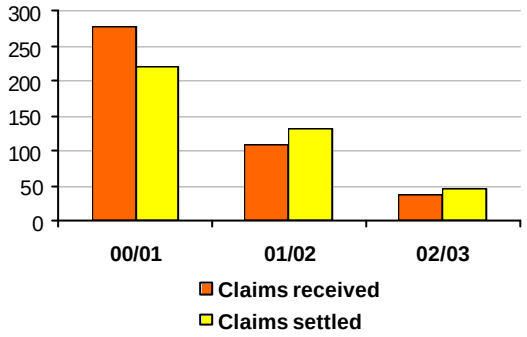


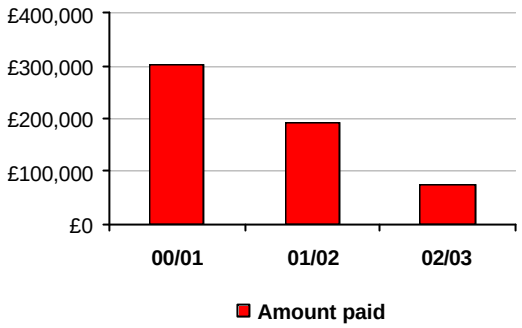
Service	2000/01	2001/02	2002/03
Army	1944	1928	2397
Navy	271	216	336
RAF	443	443	629
Other	373	916	349
TOTALS	**3031**	**3503**	**3709**
Amount paid (£ million)	**8.7**	**11**	**7**

THIRD PARTY MOTOR CLAIMS - OVERSEAS (NOT DEALT WITH BY ACOS)

6.2 Claims arising from non-UK based vehicles overseas are handled by the appropriate Area Claims Officers (ACO) or the Claims PLG where no ACO exists for that geographical area. It is not unusual for Claims PLG to receive claims from anywhere in the world where British Forces are based, on exercise or even when there is a single defence attaché with one car. This year has seen claims from Gibraltar, Sierra Leone, Belize and Kenya. In accordance with JSP 341, units and organisations should send FMT 3-1 (the form submitted by the user unit notifying details of traffic accidents involving Ministry of Defence owned or hired vehicles, and showing that the driver was on duty at the time of the incident) and supporting statements to DC&L(F&S) Claims.

6.3 Claims managers are required to establish that an authorised driver was driving the Ministry of Defence vehicle on an authorised journey and route. If these criteria are met and all the evidence suggests that the Ministry of Defence driver was liable for the accident, then compensation will be paid. Statistics for motor claims for the last three years are shown in the table below. The number of claims received in financial year 2002/2003 shows that there has been a substantial drop from previous year's totals. It should be noted, however, that since 1 April 2001 units are now responsible for their own "loss of use" and "write off" claims, although Claims branch continue to deal with some residual claims resulting from accidents which occurred before 1 April 2001.

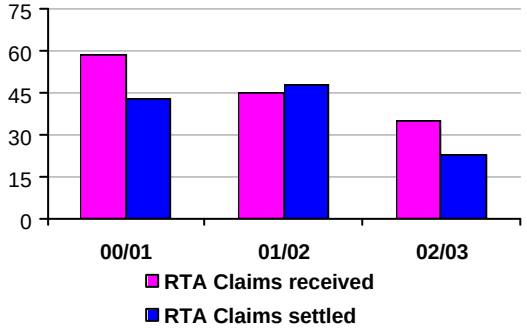


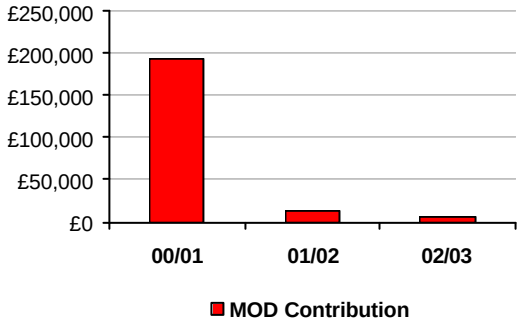


	2000/01	2001/02	2002/03
Number of claims received	277	108	38
Number of claims settled	222	133	45
Amount paid (£)	**301,000**	**192,000**	**73,000**

VISITING FORCES MOTOR CLAIMS

6.4 Claims PLG handles third party claims involving Visiting Forces in the UK, the vast majority of which result from road traffic accidents. Any personal injury element of such claims is handled in exactly the same way as other injury claims, and damage claims are settled on production of a bill or an expert's assessment.

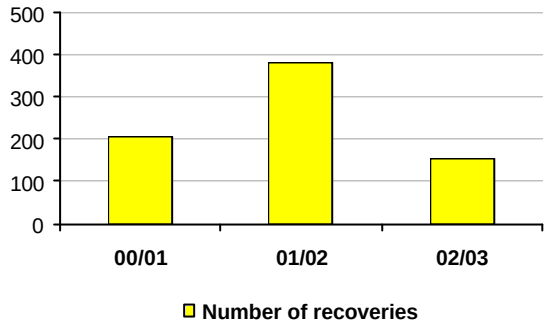


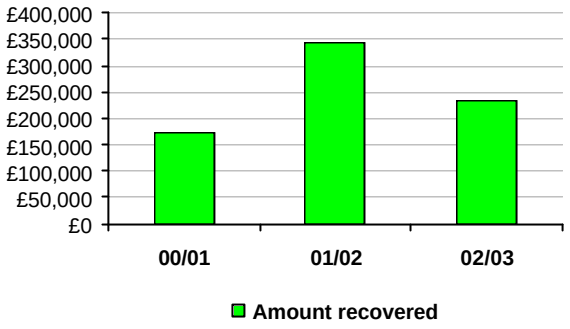


	2000/01	2001/02	2002/03
Number of RTA claims received	59	45	35
Number of RTA claims settled	43	48	25
Compensation paid (£)	775,000	59,000	37,153
MOD Contribution (£)	**193,750**	**14,750**	**6,750**

UNINSURED LOSS RECOVERIES

6.5 AXA Corporate Solution Services Ltd recover on behalf of the Ministry of Defence the cost of damage caused to its vehicles in accidents which are the fault of a third party. The number of recoveries and the amounts received are shown below.





	2000/01	2001/02	2002/03
Number of recoveries	208	382	153
Amount recovered (£)	**173,000**	**343,300**	**231,000**

COST OF DAMAGE TO MOD VEHICLES

6.6 Claims branch does not pay for damage to Ministry of Defence owned or hired vehicles as this is the responsibility of the unit involved. Similarly, since 1 April 2001 responsibility rests with the unit for any claim resulting from the "loss of use" or "write off" of the vehicle.

SECTION SEVEN

CLINICAL NEGLIGENCE CLAIMS

"Health is not valued till sickness comes" Dr Thomas Fuller 1654-1734

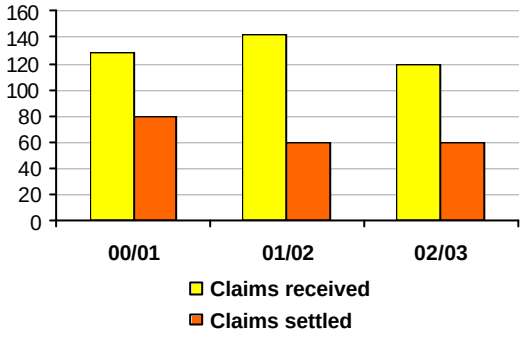
7.1 Clinical Negligence claims arise when a patient considers that the advice and/or treatment received fell below acceptable standards due to the negligence of the medical staff. To succeed in bringing a claim for negligence the claimant must establish that the defendant owed them a duty of care and that there was a negligent breach of that duty resulting in the claimant suffering damage. Establishing a duty of care is not particularly difficult in clinical negligence cases as any medical practitioner or hospital can reasonably foresee that any breach on their part may cause harm to the patient.

7.2 Clinical negligence often poses unique problems when compared with other types of litigation. Distinguishing negligent harm from unavoidable outcomes or acknowledged risks when treating a patient sufficiently ill to require intervention is neither simple nor quick. Even when the Department's liability can be established, by their very nature clinical negligence claims can often take a very long time to reach a conclusion. In many cases the claimant will not wish to agree settlement until the full extent and prognosis of their disablement is know. This is true in claims involving brain-damaged children born in Service hospitals, where it may take many years before medical experts can properly assess the full extent of their disablement and life expectancy.

7.3 Also the application of the Limitation Act is often challenged in clinical negligence cases. The Limitation Act 1980 sets out the time limits within which certain claims must be made. Section 11 of the Act provides that in personal injury claims the normal rule is within 3 years of the date on which the cause of action accrued or within 3 years from when the claimant knew, or might reasonably be expected to have known, certain specified facts. In many clinical negligence cases the claimant may not initially realise, or suspect, that the advice/treatment given was negligent. It may well be argued that the claimant was not advised that this is a distinct possibility until many years later, when he/she seeks advice from other clinicians as a result of on-going problems.

7.4 Due to their nature, clinical negligence claims can also be very expensive to settle. A number of factors underpin the rising costs of settling such claims. Cases settled in the courts have raised the level of general damages, and changes to the discount rate that applies to future costs have increased the levels of settlement. Also, labour rates for carers and therapists have risen significantly faster then inflation.

7.5 During the financial year 2002/2003 one case alone was settled for £3.3 million and three other cases were settled for sums of £500,000 or more.



	2000/01	2001/02	2002/03
Number of claims received	128	142	119
Number of claims settled	79	59	60
Compensation plus cost of claims settled (£ million)	**11**	**9**	**9**

7.6 The figures above exclude the 2,000 or so PTSD claims (146 of which were received during the reporting period) that formed the PTSD Group Action which concluded earlier this year (see para 4.10)

SECTION EIGHT

SERVICE PERSONNEL EMPLOYMENT TRIBUNAL CLAIMS

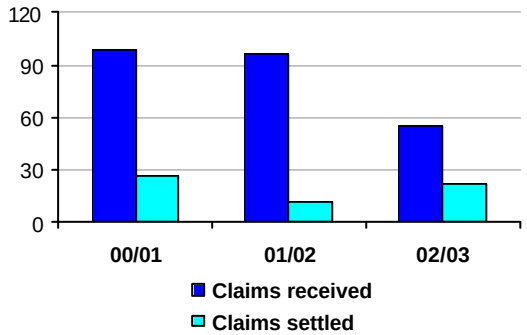
"Common sense is the best sense I know of" – Lord Chesterfield 1694 - 1773

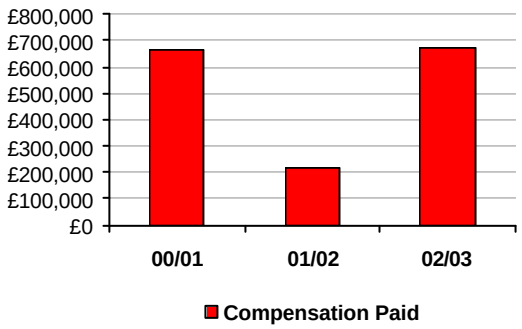
8.1 Employment Tribunals (ETs) provide a forum in which most legal disputes between employer and employee are resolved. They are intended to be relatively informal without the absolute need for lawyers to be present. Legal aid is not available for representation at ETs, but some applicants do receive financial and legal assistance in bringing their claims from organisations such as the Equal Opportunities Commission or the Commission for Racial Equality.

8.2 Claims brought typically involve allegations of unfair dismissal, sexual/racial discrimination or sexual/racial harassment. Whilst the single Service secretariat branches will initially receive and investigate ET applications, they have no delegated financial authority to settle them and claims can only be settled by obtaining the agreement of DC&L(F&S)Claims who hold funds centrally. This arrangement does have obvious deficiencies in the efficient management of ET cases and it has therefore been agreed between all concerned that as from 1 April 2003 DC&L(F&S)Claims will disaggregate the ET budget (compensation and in-house legal costs) to the respective single Service secretariat branches. They will then be able to commit departmental funds in the settlement of ET claims, based on their own judgment and legal advice, without any reference to DC&L(F&S)Claims.

8.3 For future information on ET expenditure within each Service, contact should be made with the respective single Service secretariat branch, namely, Royal Navy - NPSec(Law)2, Army - APC(Litigation), Royal Air Force - AMP(Sec)ET.

8.4 Exceptionally, because of their tri-Service nature, DC&L(F&S) will retain financial and policy oversight responsibility for the outstanding Homosexual dismissal ET cases. The single Service secretariat branches will however still retain secretariat responsibility for these claims.





	2000/01	2001/02	2002/03
Number of claims received	99	96	55
Number of claims settled	26	11	22
Compensation paid (£)	**666,000**	**216,000**	**672,000**

8.5 It is to be noted that the figure of 22 cases settled during the last financial year, at a cost of £672,000, includes five "Homosexual dismissal" cases where the European Court of Human Rights awarded compensation totalling £370,860. A previous tranche of similar cases were settled after determination by the European Court of Human Rights during financial year 2000/2001.

8.6 Employment Tribunal Applications made by the Department's civilian employees are handled and settled by the appropriate Civilian Personnel Management Authority. There is no DC&L(F&S)Claims involvement with such claims.

HOMOSEXUAL DISMISSAL CLAIMS

8.7 The question of compensation for those Service personnel discharged from the Services as a result of their homosexuality continues to be closely linked, and has to a degree been overtaken by events, with the case of *MacDonald -v- Ministry of Defence*. Mr MacDonald was a serving Flight Lieutenant, whose resignation from the RAF was compulsory effected in 1997 because of his voluntary declaration of homosexuality. He lost a claim at a full hearing at an Employment Tribunal (ET) that he had been discriminated against unlawfully on grounds of sex, contrary to the Equal Treatment Directive and Section 6 of the Sex Discrimination Act 1975. Following the ET ruling Mr MacDonald took his case to the Employment Appeals Tribunal (EAT). The hearing took place in September 2000 and the EAT found in favour of Mr MacDonald. They found that Mr MacDonald had been discriminated against in terms of the Sex Discrimination Act 1975 and had been subjected to sexual harassment. As a result he would be entitled to compensation in both respects and the matter was remitted back to the Employment Tribunal to consider compensation. Mr MacDonald claims a very large sum in compensation..

8.8 The judgment of the EAT was radical in that it overturned the previously accepted interpretation of the Sex Discrimination Act 1975 that the word "sex" should be interpreted to include not just gender but also sexual orientation. It was decided that this judgment should be challenged and the appeal was heard before the Inner Court of the Court of Session in January 2002 which ruled in favour of the Ministry of Defence and ordered that the decision of the Employment Tribunal be restored. Mr MacDonald was, however, given leave to take this matter to the House of Lords. The House of Lords considered this matter on 23 and 24 January 2003, and their Lordships' written judgment is expected shortly.*

8.9 The Employment Tribunal recognised the importance of the *Macdonald* case in relation to other homosexual litigation involving the Ministry of Defence at a Directions Hearing in January 2002 when it agreed to a stay in proceedings in this group of cases pending the appeal to the House of Lords.

* *The Law Lords handed down a unanimous judgment on 19 June 2003 in favour of the Ministry of Defence.*

SECTION NINE

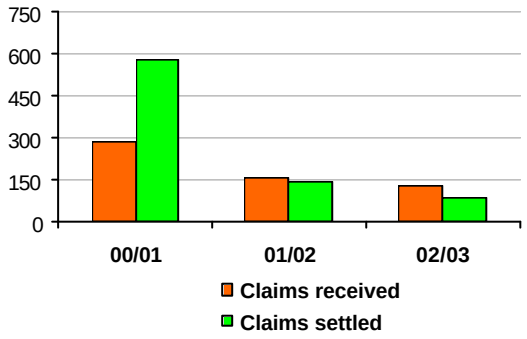
AREA CLAIMS OFFICERS

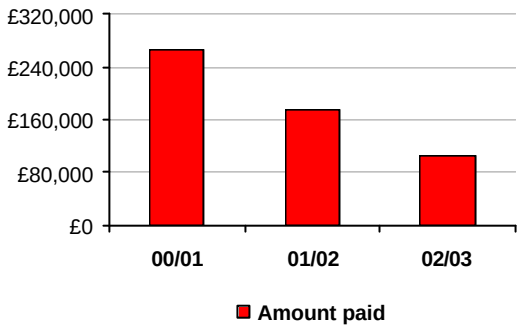
AREA CLAIMS OFFICE BALKANS

9.1 Claims handling in the Balkans underwent another organisational change towards the end of Financial Year 2002/03 to reflect the reduction of forces deployed in Kosovo. The Area Claims Officer (ACO) post moved from Kosovo to Bosnia and is now pan-Balkans, with responsibility for Claims arising in Bosnia, Croatia, Macedonia and Kosovo.

CLAIMS OFFICE BOSNIA

9.2 Approximately half of the claims submitted are the result of road traffic accidents and associated injuries, with most claims arising during the winter months. Other claims include those for property damage, often arising as a consequence of weapon confiscation or search operations.



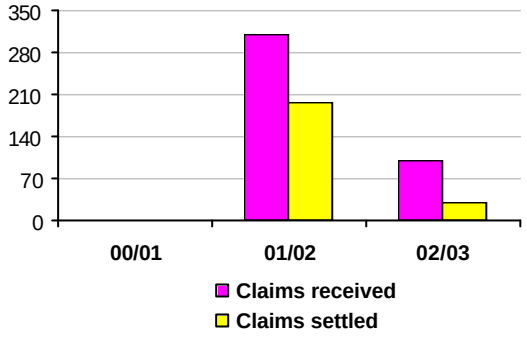


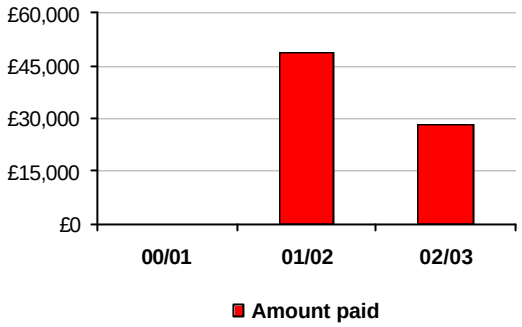
	2000/01	2001/02	2002/03
Number of claims received	288	160	126
Number of claims settled	578	140	87
Amount paid (£)	**265,000**	**174,000**	**106,000**
Amount recovered (£)	**Nil**	**Nil**	**Nil**

CLAIMS OFFICE KOSOVO

9.3 The KFOR Theatre Claims Policy document is still in draft form but in common with other Troop Contributing Nations, the Claims Office in Kosovo has continued to investigate, settle or repudiate claims as they are submitted. The office now also deals with claims arising in Macedonia.

9.4 The highest proportion of claims in Kosovo have been for property damage arising from military activity, with a significant proportion of the remainder being a consequence of road traffic accidents.





	2000/01	2001/02	2002/03
Number of claims received	0	310	102*
Number of claims settled	0	196	30
Amount paid (£)	**0**	**49,000**	**28,000**
Amount recovered (£)	**0**	**459**	**Nil**

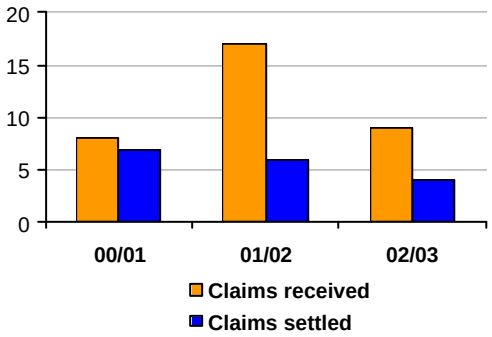
* Includes 2 claims submitted from Macedonia.

AREA CLAIMS OFFICE FALKLAND ISLANDS

9.5 The Area Claims Officer in the Falkland Islands has authority to handle Common Law damage claims up to a value of £5000 per claim, through the Command Secretary British Forces Falkland Islands.

9.6 In the last Financial Year the majority of claims handled have been for third party damages as a result of vehicle accidents. One claim received during this period was from a Service person who was injured when a Land Rover, which he had hitched a lift in, overturned. This claim has not been settled. Another claim was for damage to a portacabin, which occurred when Service personnel were loading it on to a ship in the Falkland Islands.

9.7 There have been no recoveries made during this period.



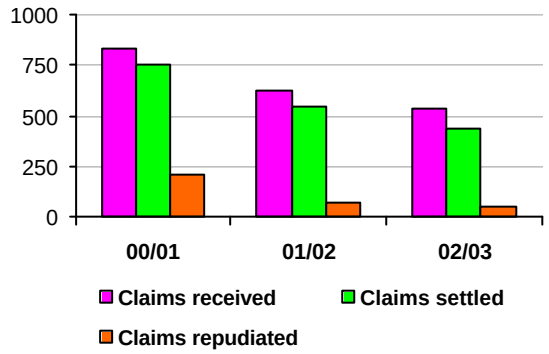
	2000/01	2001/02	2002/03
Number of claims received	8	17	9
Number of claims settled	7	6	4
Amount paid (£)	**3,500**	**44,800**	**1,400**

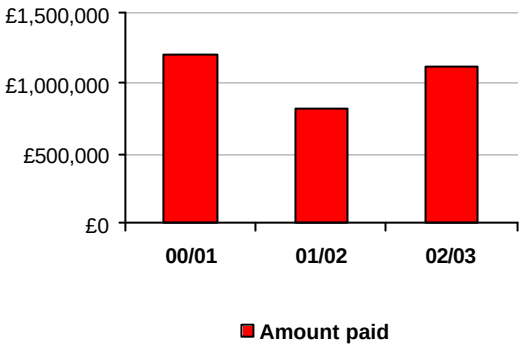
AREA CLAIMS OFFICE NORTHERN IRELAND

9.8 The ACO is based at HQ Northern Ireland and deals with common law claims for and against the Ministry of Defence in Northern Ireland. It also acts as a focal point for civilian employee claims.

9.9 The continuation of the ceasefire has seen a corresponding fall in the number of claims received as a result of low flying helicopters. There were several successful prosecutions during the year by the Department of Public Prosecutions for fraud against the Ministry of Defence in relation to helicopter claims. A farmer's wife received a 12 month suspended jail sentence and a veterinary surgeon who supplied false certificates received a 15 month jail sentence and was subsequently "struck off" by the Royal College of Veterinary Surgeons.

9.10 Although the number of claims is lower than those received during the previous year, the total compensation paid out was higher. This was due to several high value personal injury cases being settled during the year. The highest of these was a settlement of £250,000 to an ex-policeman.





	2000/01	2001/02	2002/03
Number of claims received	832	625	533
Number of claims settled	747	538	438
Number of claims repudiated	212	65	47
Amount paid (£)	**1,210,000**	**820,000**	**1,123,000**

AREA CLAIMS OFFICE NORTH WEST EUROPE

9.11 ACO (NWE) is part of the Civil Secretariat, United Kingdom Support Command (Germany) based at JHQ Rheindahlen. It is responsible for handling claims by and against the Ministry of Defence in Germany, Norway, Holland, Belgium, Luxembourg, France, Switzerland, Poland, Hungary and the Czech Republic. The Area Claims Office has 10 civilian staff processing and handling claims.

EMERGENCE OF THE NEW CLAIMS SETTLEMENT ORGANISATION

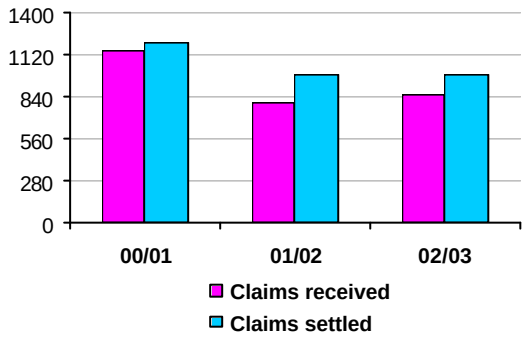
9.12 The Defence Costs Offices who were the Host State agency tasked with the responsibility of processing Sending State claims in Germany transferred all functions concerning claims settlement to a new organisation at Federal level. This represented a

considerable change to the relationships and experience that had been developed over the last half century.

9.13 Throughout the transference Claims staff were involved in discussions with the new organisation and representatives from the Federal government to ensure that the previous high levels of service are maintained.

RISK MANAGEMENT

9.14 The Risk Management Group has issued letters on Snow and Ice Plans and Cellar Flooding to all Garrisons within Germany. These represent just two of the areas where claims might arise during the winter months. Other areas that give rise to claims are due to be highlighted during the coming year. A programme of presentations to the Safety, Health, Environment and Fire (SHEF) meetings across Germany on the subject of Personal Injury began in January 03 and is continuing throughout the year. These presentations stress the need for improved evidence gathering and how important it is that we adhere to the Personal Injury Protocol.



	2000/01	2001/02	2002/03
Number of claims received	1158	798	860
Number of claims settled	1208	984	988
Amount paid (£)	**1,528,000**	**1,800,000**	**1,219,000**
Amount Recovered (£)	**1,008,000**	**427,300**	**471,000**

9.15 The increase of claims during this period can largely be attributed to the redeployment of troops back from Ex Saif Sareea II to theatres in Germany. Conversely, a fall in the number of claims is expected next year because of the large number of troops deploying from Germany to Op Telic.

9.16 Although the number of claims received has increased, the expenditure on claims has reduced by approximately 30%. This is due mainly to the greater involvement of case officers visiting incident scenes and the improved awareness of our stakeholders in the need to gather evidence, enabling case officers to repudiate or to settle a claim in a more timely fashion, thereby reducing costs.

9.17 The level of recoveries of Ministry of Defence losses was up in 2002/03 compared with last year due to the receipt of one long running case amounting to € 160,000. This level is also

expected to increase in 2003/04 due to recent improvements made to the recovery procedures and visits to various stakeholders in order to gain a greater understanding from them.

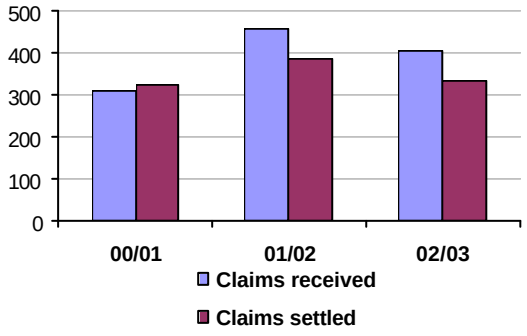
AREA CLAIMS OFFICE CYPRUS

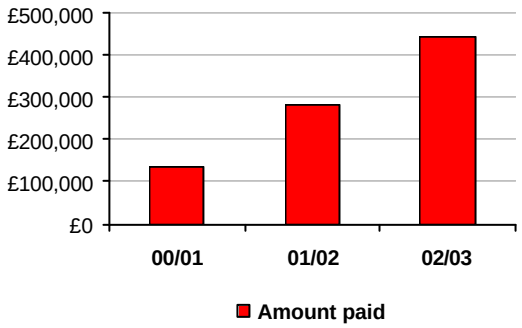
9.18 ACO Cyprus comprises two members of staff who are responsible for processing claims by and against the Ministry of Defence in the Sovereign Base Areas Administration in Cyprus and its territorial waters. The range of claims dealt with is similar to that of ACO NW Europe (road traffic accidents, public and employer's liability, and training and manoeuvre damage), but the Cyprus Treaty of Establishment (ToE) rather than the NATO Status of Forces Agreement applies.

9.19 The Cypriot climate and terrain provide excellent training opportunities for the British forces, both in the air and on the ground. Most of this takes place on private land under rights granted by the ToE. Consequently a good deal of ACO's work involves settling training and manoeuvre damage claims arising from the activities of our forces, whether the resident battalions and squadrons or those visiting from UK. These claims are predominantly for crop damage and loss of livestock, which may sustain injury or abortion if panicked by helicopters, pyrotechnics, etc. In providing a rapid response to the claims and complaints raised by farmers and landowners, ACO plays a significant role in maintaining good relations between the Ministry of Defence and the local community, a vital ingredient in supporting UK's training rights.

9.20 ACO seeks to reduce the risk of damage being caused and to that end routinely briefs all exercise reconnaissance officers prior to training taking place. Nevertheless, the last financial year has seen another rise in training and manoeuvre damage claims received, although actual expenditure under this head has fallen. The increase in activity is due in no small part to the intensive training in the weeks leading up to, and indeed during, the war against Iraq.

9.21 A sharp rise has also been observed in employer's and public liability claims expenditure, although much of this can be accounted for by one personal injury claim which settled at £155,000 and one of misrepresentation which settled for £50,000.





	2000/01	2001/02	2002/03
Number of claims received	312	458	407
Number of claims settled	326	388	337
Amount paid (£)	**134,000**	**282,000**	**446,000**

SECTION TEN

INSURANCE AND INDEMNITIES

"A judge is a law student who marks his own examination paper"
H L Mencken 1880 – 1956

INSURANCE

10.1 Treasury guidelines generally discourage public bodies from insuring risks unless it can be shown that the potential costs of claims paid, together with the cost of handling such claims, will exceed the cost of purchasing insurance. As the costs of premiums compared to the amounts paid in compensation would normally favour insurance companies, the Ministry of Defence self-insures its core activities.

10.2 Claims branch takes the policy lead on all Ministry of Defence non-contractual insurance issues and encourages units and establishments to transfer risks arising from non-core activities away from the Department.

10.3 Willis (Aerospace) provide insurance, which is self-financing, for four specific non-core aviation risks:

Military aircraft attendance at air displays

Civil Use of Military airfields

Search and Rescue training with civilian organisations

Fare paying passengers on military aircraft

INDEMNITIES

10.4 Claims branch is responsible for all non-contractual indemnity matters, ranging from issuing indemnities to land owners who are letting the Armed Forces use their land for exercises to commenting on different clauses within Defence Estates licenses, indemnity provisions within MOUs and other international agreements.

10.5 The Ministry of Defence always seeks an indemnity against claims arising from activities or events that are not considered to be core business, or when activities or events do not further the interests of the Department. Examples include participation by Service personnel or Ministry of Defence civilian staff in non-core fund raising or social activities, work experience for students over the age of 16, or the use of Ministry of Defence personnel or equipment by other organisations for activities which have no direct benefit to the Ministry of Defence. The Ministry of Defence must seek an indemnity in such instances as there is no provision in the Defence Estimates to meet claims which are not defence related. Indemnities must be backed by insurance or a guarantee for those companies/organisations that self-insure. The only exceptions to the requirement for indemnity are when the Ministry of Defence is dealing with other Government Departments. This is because of the principle of indivisibility of the Crown.

10.6 Claims branch issued around 87 indemnities in 2002/2003 and commented on a similar number of other indemnity issues.

10.7 Indemnities that arise from the Department's contractual business are the responsibility of the appropriate Commercial Branch, with policy guidance provided by the Defence Procurement Agency (Central Services Group, General Conditions).

WIDER MARKETS

10.8 Income-generating activity under the Government's initiative for Selling Government Services into Wider Markets is also an exception to the rule that the Ministry of Defence does not purchase insurance. Budget holders undertaking this work need to carry out a full risk analysis and to consider whether it would be more cost effective for the Department as a whole to purchase insurance or to bear the risk of having to pay compensation directly from its current expenditure.

10.9 Advice about insurance and risk reduction may be obtained from Claims branch and from the Ministry of Defence's insurance brokers, Willis Ltd, in accordance with DCI Gen 301/02. Willis have created a specialised package of insurance policies offering a full range of business insurances for Budget Holders undertaking income-generating activity.

SECTION ELEVEN

NOVEL AND CONTENTIOUS CASES

"What power has law where only money rules" Gaius Petronius 66AD

KENYAN GROUP ACTION

11.1 In July 2002, 233 compensation claims on behalf of Kenyan nomadic tribespeople for personal injury or death were settled by the Ministry of Defence for £4.5 million on a limited liability basis (the claimants were seeking £18 million in damages). The claims, all from members of the Samburu and Masai tribes, related to injuries or death caused by Unexploded Ordnance (UXO) allegedly left by HM Forces on three training areas in the north of Kenya, namely Mpala Farm, Archers Post and Dol Dol, that subsequently detonated, in many cases a considerable number of years later. The claimants' case for compensation centred on the allegation that the British Army, who has been using training areas in Kenya for many years, had done little to protect the local tribes people from the UXOs.

11.2 UK Solicitors acting for the claimants issued legal proceedings against the Ministry of Defence in 10 lead cases, with the intention of relying on the Judge's rulings in each of these cases to be binding on similar non-lead cases. However, in an effort to move matters forward without the costs associated with the traditional method of resolving such cases in Court, and in line with the route favoured by the Lord Chancellor in such cases, the claims were settled on a limited liability basis by way of mediation.

11.3 Since the settlement of these claims, more than 5,000 new Kenyan claimants have come forward attempting to bring similar cases against the Ministry of Defence. These claims are being thoroughly investigated.

AIRCRAFT NOISE

11.4 The owners of Walcott Hall, a Grade I Listed Building built in 1678, and situated 2.3 miles from the eastern end of the runway at RAF Wittering, successfully pursued a compensation claim against the Ministry of Defence during the reporting year.

11.5 It was the Claimants' contention that the noise generated by the Harrier aircraft based at RAF Wittering constituted a nuisance that gave rise to a claim for compensation under the Human Rights Act. The compensation claimed was based on the alleged diminution in capital value of the property; an alleged diminution in the rental value of the property; and on the inability of the owners to exploit the property for commercial activities such as business conferences, filming and other leisure activities.

11.6 The Ministry of Defence argued that RAF Wittering had been an operational RAF station since 1916 and that RAF operations have been a well-established part of the character of the area. The Harrier in particular has been in service there since 1969, before the current occupants of Walcott Hall took up residence. It was argued therefore that this amounted to a reasonable use of the air station.

11.7 Despite attempts by the Ministry of Defence to settle the case out of court, the offers were not accepted and the matter went to trial on 10 March 2003 where a judge heard the case. In his judgment, handed down on 16 April 2003, the Judge recognised that public interest clearly demanded that RAF Wittering must continue to train RAF Harrier pilots, and as such he did not impose any restrictions on the flying activities there. However, he ruled that the noise from the Harriers did constitute a nuisance to the Claimants, and that they should be compensated for the nuisance. The Judge therefore awarded damages in the amount of £950,000 for past and future loss of amenity, past and future loss of use, and loss of capital value.

POLLUTION OF TROUT FARM

11.8 The owners of a 'trout farm' initiated a compensation claim against the Ministry of Defence following the oil pollution of their farm located at the side of the River Wylye, in Bishopstrow, in August 1997. The claimants alleged that the pollution had occurred as a result of Army personnel at a nearby Army barracks draining waste from their military vehicles onto hardstanding at the barracks washdown facility. This waste was then discharged via the drain system into the River Wylye and then into some of their fish ponds that take their water supply from the river. A subsequent Board of Inquiry confirmed that the pollution of the River Wylye had originated from the washdown facility in the barracks.

11.9 The trout farm owners claimed that they suffered serious financial loss as a result of the pollution, which had resulted in the loss of much of their fish stock. They were therefore seeking compensation for their loss, as well as the cost of cleaning up the pollution. The claim was settled for £300,000 in May 02 by way of mediation.

BACK INJURY

11.10 The Claimant injured his back falling down a flight of stairs in Portsmouth. Following the incident, the Claimant experienced difficulties in the lumbar, thoracic and cervical regions of his back. It was claimed that the injury subsequently led to chronic pain syndrome and a claim for compensation in excess of £800,000 was made, principally upon the basis that the Claimant could no longer take up highly paid employment after leaving the Navy and was in fact unable to seek any form of employment following his injury.

11.11 The Ministry of Defence accepted liability for the actual incident but the exact nature of the incident and the true level of injury were in dispute. The claim was nevertheless heading for a prospective high value settlement when, in an attempt to bolster the claim and confirm their valuation of quantum, the opposing solicitors sought further medical evidence. Their expert in back pain and pain management suggested that the incident was not in fact the cause of the Claimant's problems and furthermore that that the minor injury caused by the incident should have resolved in a short space of time. The claim that was initially valued at £800,000 subsequently settled for £5,000.

OIL INGESTION

11.12 The Claimant was on a night exercise in Cyprus and returned to a safe area for refreshments. He picked up an unlabelled bottle placed next to the tea urns and believed the contents to be blackcurrant juice. He proceeded to gulp down the liquid in the bottle only to realise he had been drinking gun oil. It seemed surprising that he did not notice that the contents of the bottle did not smell or taste anything like blackcurrant juice before taking a hefty gulp. Following service of our Defence the Claimant decided to abandon the claim.

SLIP INJURY

11.13 The Claimant was a vehicle instructor at an Army camp. He was advised that there had been a diesel spillage, and decided to demonstrate to the soldiers present how diesel spreads in water by standing on the spillage and then in a puddle of water. Some while later he climbed into his vehicle by way of a metal flight of stairs affixed to the rear. Whilst descending the stairs he slipped and fell, landing heavily on his hand and fracturing several bones. Investigations showed that the Claimant was not wearing appropriate footwear. The claim was repudiated on the basis of the footwear, and on his own foolhardy actions with regard to deliberately standing in the diesel. The solicitors responded that the Claimant had subsequently discovered that the steps were faulty and that he had been mistaken when he completed the accident report book in thinking that the diesel was to blame. A photograph was produced which clearly showed a fault in the steps, but on further investigation it was found that these steps are detachable and there was nothing to say that they were the ones used on this vehicle. The claim was successfully repudiated.

DEPENDENCY CLAIM

11.14 The Claimant was the widower of a former Ministry of Defence civilian worker at Donnington in Shropshire. He brought a 'dependency' claim against the Ministry of Defence alleging that his wife's death from mesothelioma was attributable to fires which occurred in the building in which she worked in 1983 and 1988. It was accepted that there was asbestos in the roof at the time of each fire, and legal proceedings were issued against the Ministry of Defence. However, the Claimant's solicitors produced no satisfactory evidence, and the claim valued in the region of £112,000 was subsequently discontinued.

CLINICAL NEGLIGENCE

11.15 In 1993 a claim for compensation was received from the parents of a 7-year-old boy who was born at the RAF Wegberg hospital, Germany in 1986. It was claimed that due to negligent medical treatment at the time of his birth the child's heart stopped for 20 minutes and he needed to be resuscitated. As a result the child suffered severe brain damage and now suffers from cerebral palsy. The child who lives at home with his parents is of average intelligence and is severely physically handicapped.

11.16 Numerous expert medical reports were obtained to clarify the extent of the Ministry of Defence's negligence. Liability was admitted by the Ministry of Defence in 2000. Reports were subsequently obtained from experts in the fields of Paediatrics, Physiotherapy, Occupational Therapy, Nursing Care, Accommodation, Communication Aids, Speech Therapy & Life Expectancy to place an accurate valuation on this claim.

11.17 Once all the expert evidence was considered the claimant's schedule of loss was received in 2002 which valued this claim at £4.5 million. The claim was subsequently settled on an amicable basis for £3.275 million in June 2002 at a counsel-to-counsel settlement conference.

CLINICAL NEGLIGENCE

11.18 A claim for compensation was received by a soldier arising from surgery performed in October 1997. Following investigations for problems with his right leg a derotational osteotomy of the right femur was recommended by Ministry of Defence doctors. There was little pre-operative investigation by Ministry of Defence medical staff and a locum doctor employed by the local NHS Trust negligently performed the surgery. The claimant was left with his right leg grossly externally rotated. This led to his medical discharge from the Army.

11.19 This claim was brought against both the Ministry of Defence and also the NHS Trust. On the basis of the medical evidence available and legal advice obtained, liability was conceded fairly early with apportionment of liability agreed at 80% (NHS Trust) and 20% (MOD).

11.20 A "without prejudice" settlement meeting was held in early September 2002 attended by each side's legal representatives. Agreement was not reached as the claimant was seeking a level of compensation (£950,000) which both the Ministry of Defence and the Trust could not accept.

11.21 Negotiations did however continue and eventually an out of court amicable settlement was reached at £900,000 in October 2002. The Ministry of Defence's share of this settlement was £180,000.

CLINICAL NEGLIGENCE

11.22 A claim was received from a former member of HM Forces who alleged that there had been a delay by Service medical staff in diagnosing a malignant melanoma on the nape of his neck by some 15 months resulting in his life expectancy being severely curtailed. The claimant's medical evidence suggested that had he undergone a neck dissection without delay his chances of surviving 5 years would have been around 30% rather then the 10% chance he had of surviving 5 years from July 2000.

11.23 Liability was conceded on medical and legal advice and both parties agreed to seek to settle this claim through mediation. The claimant sought compensation of £900,000. A mediation meeting was arranged for 12 December 2002 where, after negotiation, the claimant agreed to accept £500,000 compensation.

EMPLOYMENT TRIBUNAL

11.24 A female ex RAF pilot made a formal complaint to an Employment Tribunal of sexual harassment and discrimination whilst serving at her station in the United Kingdom. The premise of the applicant's case was that the alleged harassment and her subsequent suspension from flying, effectively led to the undermining of the relationship and trust between employer and employee and, as a result, she was compelled to seek Premature Voluntary Retirement. Consequently, the applicant's claim reflected not only the injury to her feelings but the alleged loss of her RAF career and also the flying opportunities that might have resulted after leaving the Services.

11.25 This claim made by the applicant exceeded £500,000 and represented the largest sexual discrimination claim ever brought against the Department. The Ministry of Defence conceded some elements of the claim but attempts to achieve an amicable out of court settlement on terms fair and reasonable to both the applicant and the taxpayer were rejected.

11.26 The case was heard at Croydon Employment Tribunal on 27 January 2003 and ran for three weeks, during which various witnesses for both parties gave evidence. The Tribunal only managed to 'part-hear' this case and the hearing re-convened in May 2003, with a written judgment expected later in the year.

EMPLOYMENT TRIBUNAL

11.27 An Employment Tribunal claim was received from a female naval rating who claimed sex discrimination and unfair dismissal over the circumstances of her dismissal from the Royal Navy after only two days in service. After a medical examination, it is alleged she was told that she was not be fit for service as she had previously suffered an ectopic pregnancy and should she become pregnant again whilst serving on board ship at sea complications could arise, and the Royal Navy would not have the facilities to afford her proper treatment.

11.28 The applicant initially claimed in excess of £255,000 in compensation. A two-day hearing before the Employment Tribunal was scheduled and Treasury Solicitor suggested a token award of compensation should be offered to conclude matters. By this stage the applicant had lowered her compensation claim to £10,000. DC&L(F&S) refused the suggestion of making a token compensation award, arguing that no offer of compensation should be made as there was no evidence to suggest that the Royal Navy had sexually discriminated against the applicant.

11.29 Eventually this case proceeded to a full hearing at the Employment Tribunal but the applicant failed to attend and the Chairman had no hesitation in dismissing the claim. Exceptionally, the Tribunal awarded costs in the Ministry of Defence's favour of £5,000, which the Ministry of Defence is still actively pursuing with the applicant.

ROAD TRAFFIC ACCIDENT

11.30 A claim for compensation was received from a claimant for anxiety, distress, shock and PTSD he allegedly had suffered when he accidentally knocked down and killed a TA soldier. The claimant alleged that the TA soldier, who was taking part in an exercise, was standing in the middle of the road and was not wearing any reflective clothing.

11.31 Investigations revealed that although the soldier was not wearing any reflective clothing, and that the area was quite dark, it was likely that the claimant did not have his car headlights on. It also transpired, that the claimant had been checking on a friend's garage that had previously been broken into and may have been concentrating on the garage instead of looking at the road.

11.32 The Ministry of Defence admitted partial liability but alleged 80% negligence by the claimant. An inquest into the soldier's death recorded a verdict of accidental death and no charges were brought against the claimant.

11.33 The Ministry of Defence also received dependency claims from solicitors acting on behalf of the soldier's three young children and issued proceedings. As two of the children were resident in Germany, their claims were assessed under German law which resulted in a lower valuation of quantum than for the child resident in the UK.

11.34 The original claim against the Ministry of Defence (i.e. from the driver of the vehicle) settled at £3,000 on the basis of a 70/30 split in favour of the Ministry of Defence. The

claimant was, however, ordered to contribute £7,500 towards the Ministry of Defence's costs in relation to the claims from the soldier's children. Their case settled, before trial, with the childrens' representatives accepting settlement, also on a 70/30 split in liability in the Ministry of Defence's favour, of £37,500.

SECTION TWELVE

LAW AND PRACTICE

"Justice is the constant and perpetual will to allot every man his due"
Domitius Ulpian 170AD – 228AD

CIVIL JUSTICE REFORMS

12.1 This part of the Annual Report deals with civil law and practice. It includes a brief summary of the 1999 Civil Justice Reforms. Although these reforms have been in place for some time now, we believe it is important to recapitulate the main aims and procedures, to serve both as a reminder for regular readers of these reports and as a simple digest for those unfamiliar with the subject.

CIVIL JUSTICE PROCEDURES

12.2 The greatest upheaval ever in the Civil Litigation process occurred when the New Civil Procedure Rules were introduced on 26 April 1999. The Rules, which replaced the existing High Court and County Court Rules, have significantly changed the way common law claims are handled, in an attempt to speed up, simplify and make the whole process less expensive. The Rules, which include pre-action protocols, govern the conduct of litigation and encourage the appointment of a single expert to provide an independent opinion.

12.3 The overriding objective of the rules is to enable the court to deal with cases justly in ways which are proportionate to the amount of money involved, the importance and complexity of the case, and to the parties' financial position.

AIMS

12.4 Litigation will be avoided wherever possible

Litigation will be less adversarial and more co-operative

Litigation will be less complex

The timescale of litigation will be shorter and more certain

Parties will be on a more equal footing

There will be clear lines of judicial and administrative responsibility for the civil justice system

The structure of the courts and the deployment of judges will be designed to meet the needs of litigants

Judges will be employed effectively so that they can manage litigation in accordance with the new rules and protocols
The civil courts system will be responsive to the needs of litigants

12.5 In keeping with the reforms the Courts have continued to take a pro-active approach to case management, setting down directions which decide the order in which issues are to be resolved and fixing timetables to control the progress of the case. In addition, they encourage the parties to co-operate and consider adopting other methods of settlement such as alternative dispute resolution.

12.6 Proportionality plays an important part in the new system and the courts will consider whether the potential benefit of taking a particular step justifies the cost.

EXPERTS

12.7 In the majority of cases a single expert will be instructed and evidence, assuming the case proceeds to court, will normally be in the form of a written report. The Defendant and Claimant may submit written questions to the expert and both sides will see the expert's response. If the parties to an action cannot agree upon an expert witness they may instruct their own choice of expert but, if the court decided that either party has acted unreasonably, they will not be able to recover the costs of obtaining the expert report.

PRE ACTION PROTOCOL

12.8 Lord Woolf in his final 'Access to Justice' report of July 1996 recommended the development of pre-action protocols: "To build on and increase the benefits of early but informed settlement that genuinely satisfy both parties to dispute." The Lord Chancellor strengthened this message in the Foreword of the New Civil Procedures Rules when he stated "We must not forget, however, that we should see litigation as the last resort and not the first resort in the attempt to settle the dispute".

12.9 A number of pre-action protocols, including ones for personal injury cases and clinical negligence, have now been published. Eventually all types of litigation will be categorised and, if appropriate, pre-action protocols developed.

12.10 The aims of the pre-action protocol are to promote more pre-action contact between the parties, better exchange of information, better pre-action investigation and thereby to put the parties in a position to settle cases fairly and early, reducing the need for litigation.

12.11 If defendants are unable to comply with the pre-action protocols the courts will have the power to impose sanctions due to non-compliance when proceedings are commenced. Sanctions will likely include a refusal to grant further extensions of time for serving a defence or evidence and costs penalties.

FAST-TRACK AND MULTI-TRACK

12.12 Personal injury claims will be assigned to either a fast-track or multi-track.

12.13 Fast-track cases will be limited to a value up to £15,000 and will proceed to a hearing quickly.

12.14 There will be an automatic timetable for compliance with the various stages of the litigation. The hearings are designed to be relatively short and in the majority of fast-track cases written evidence only from a single expert will be accepted.

12.15 Multi-track cases will generally involve claims with a value in excess of £15,000 or which feature complex issues. Case management by the courts will play an important part in setting the timescales for certain stages of the case and defendants may possibly be required to attend a case conference before a judge, when decisions will be made as to the future conduct of the claim.

12.16 The personal injury pre-action protocol (primarily designed for cases with a value of less than £15,000) sets out the following stages:

LETTER OF CLAIM

12.17 The letter of claim will contain a clear summary of the facts on which the claim is based, including allegations of negligence, and will include details of any injuries suffered or financial losses incurred.

DEFENDANT'S REPLY

12.18 The defendant should acknowledge within 21 calendar days of the date of posting of the letter of claim in Personal Injury cases and 14 calendar days in Clinical Negligence cases.

CLAIM INVESTIGATION

12.19 The defendant will have a maximum of three months from the date of acknowledgement of the claim to investigate. No later than at the end of that period the defendant must inform the Claimant or their legal representative whether liability is admitted in full, denied or there is a partial admission. If the defendant denies liability they should enclose with the letter of reply documents which are material to the issues between the parties, and which would be likely to be ordered to be disclosed by the court. If a defendant is unable to comply with the requirements of the pre-action protocol, the Claimant will be able to issue proceedings at the end of the three-month period.

12.20 If the defendant makes a proper denial of liability giving the detailed explanation and documents required under the protocol, many cases will proceed no further. In such cases it will be for the Claimant to make a decision whether to proceed with the case.

12.21 Defendants will no longer be able to delay making a decision as to whether to settle or fight and they will no longer be able to make a simple blanket denial of liability without giving reasons.

PROCEEDINGS

12.22 There will be a strict timetable for dealing with the Defence. In the majority of cases the time limit will be 28 days after proceedings are served. One extension of time may be granted, although in circumstances where the defendant has failed to comply with the pre-action protocol, it is very unlikely that any extension will be given.

12.23 The Defence must also fulfil new requirements under the rules. The new requirements are as follows:

the Defence must state which facts are admitted;

the Defence must state which facts are denied and provide supporting documentary evidence;

the Defence must state the defendant's own version of events; and

the Defence must identify which facts the defendant is unable to admit or deny and which the Claimant is required to prove.

STATEMENT OF TRUTH

12.24 Under the new rules a statement of truth must verify the Defence. The form of the statement is as follows:

"The defendant believes that the facts stated in this defence are true."

12.25 The statement is not sworn, but must be signed by:

a senior officer of the company, corporation or organisation;

a partner in control of a business; or

a legal representative.

12.26 The person signing the statement of truth must identify his or her office or position in the organisation. It follows that the person signing must have authority to sign on behalf of the organisation. If a legal representative signs, he or she is deemed to have explained the consequences to the defendant and the penalties are the same as if the defendant had signed.

12.27 A person who signs without honest belief in the truth of the Defence is guilty of contempt of court. In an extreme case this could result in a fine or even a prison sentence for the person who approved the contents of the Defence and authorised its signature.

12.28 It follows that in future solicitors will always ask the defendant either to sign the Defence or to approve the contents of the Defence before signing on the defendant's behalf.

12.29 If the Defence is not signed the court will strike it out and the defendant will lose his or her opportunity to defend the claim.

12.30 Bearing in mind the tight time schedules, the Department will need to be in a position to deal with the Defence quickly. In the case of claims against the Ministry of Defence the appropriate persons to sign the Statement of Truth or verify the Defence will be the Chief Claims Officer or the Senior Claims Officer.

DISCLOSURE

12.31 The new Civil Procedure Rules specify the type of documents which the defendant must disclose and set time limits for doing so. Many of these documents will have been disclosed under the pre-action protocol: i.e. within the initial three-month period for investigation.

12.32 Under the new rule, standard documents to be disclosed include:

all documents which could adversely affect the case;

all documents which could adversely affect the other side's case; and

all documents which could support the other party's case.

12.33 A defendant is required to make a reasonable search for documents depending on:

the significance of the document;

the number of documents;

the complexity of the case; and

the ease and expense of retrieval.

DISCLOSURE STATEMENT

12.34 The list of documents which is sent to the other side will include a disclosure statement containing the following information:

the identity of the person making the statement;

the extent of the search that has been made to trace documents;

why the person signing the statement is the appropriate person;

confirmation that he or she understands the duty to disclose; and

confirmation that that duty has been carried out to the best of his or her ability.

12.35 There will clearly be an onus on the defendant to make sure that the documents can be obtained quickly and that they are up-to-date. The person who signs the disclosure statement or who authorises the solicitor to sign it on the defendant's behalf, must understand his or her duty and have the appropriate authority within the organisation.

WAY FORWARD

12.36 The implementation of the reforms involved a massive change in working practices. At the outset, and indeed some time before the changes took place, Claims officials undertook additional specialist training to ensure they would comply with the new rules. Updating and refresher courses and workshops have been undertaken during the last year. The acquisition of new and specialist skills has been recognised by the introduction of the Claims & Legal Functional Competence Framework.

12.37 Units and Establishments have also become aware of how the new protocols and rules operate. Claims officials will continue to work closely with and remind Units and Establishments of their duties to co-operate in supplying information and assisting in defence of claims.

12.38 Accidents must be reported promptly and accurately with improvements made to document handling and availability.

12.39 Witnesses must be identified and made available for interview early in the claims process. Similarly, defendants will need to be able to identify and find relevant documents.

12.40 The courts will not be sympathetic to the Department arguing that there has been insufficient time to investigate a claim. Neither will the courts deem the Department to be a special case because of its size, widespread locations or deployment of key witnesses overseas.

LEGAL SERVICES COMMISSION (LEGAL AID)

12.41 It is over fifty years since the Legal Aid and Advice Act was enacted. For the first time, it gave access to justice to a range of people who beforehand could not afford to bring a case in criminal or civil law. Eligibility for legal aid depended on the Applicant's disposable income and capital but anecdotal evidence is plentiful about how legal aid was wrongly or rightly distributed and it therefore came as no surprise that Legal Aid for personal injury claims was abolished in April 2000. The majority of such claims are now likely to be the subject of a conditional fee whereby a Claimant's solicitor can uplift his normal charging rate by 100% if successful (providing the success fee does not exceed more than 25% of the total compensation).

12.42 Conditional fees can cause problems for Claims officials when trying to estimate the legal costs element of settling a claim. One method of overcoming this problem is to ask the Claimant's solicitor to clarify the basis of funding the costs together with an indication of the success fee agreed. However, as the Rules stand, solicitors are not obliged to provide this information to the Defendant and to do so might give an indication of the strength of their client's case. In many cases, therefore, the level of the success fee will not be known until after the case has settled.

12.43 In these cases there will be a far greater opportunity to recover our legal costs because as part of the conditional fee arrangements a Claimant will likely take out insurance to protect against the risk of losing the action and to provide an indemnity for the defendant's legal costs. It will therefore be our practice, and the practice of our commercial claims handlers, to pursue Claimant's with conditional fee arrangements for our costs in the event that we are successful in defence of the claim

12.44 The Lord Chancellor's Department recently announced that they would review whether the Conditional Fee Arrangement regime can be simplified

ALTERNATIVE DISPUTE RESOLUTION AND COUNSEL-TO-COUNSEL CONFERENCES

12.45 Alternative Dispute Resolution/mediation is considered in cases where there is some evidence to support a claim of negligence. In cases where there is currently no evidence it is not deemed appropriate.

COUNSEL-TO-COUNSEL SETTLEMENT CONFERENCES

12.46 In cases where liability is not an issue, counsel-to-counsel settlement conferences are an innovative and financially attractive way of settling cases without going to trial or settling at the

courtroom door. A round table consultation is arranged with the Department represented by counsel, the Chief Claims Officer or Senior Claims Officer and Treasury Solicitor. This method of negotiated settlement has had a significant effect on the way claims are handled due to the Claimant and defendant showing an element of goodwill combined with a realistic approach. This has demonstrated that it is possible to agree a settlement without recourse to the courts. An added benefit is that the Claimant does not need to undergo the trauma of a court case to secure compensation for an injury or loss caused by the Department's negligence.

12.47 In 2002/03, for example, 10 such conferences were held and compensation totalling £10.5 million was agreed against claims totalling £13.8 million. Had these cases run to court, the legal costs payable by the Ministry of Defence would have been significantly higher.

MEDIATION

12.48 Mediation is a route strongly favoured by the Lord Chancellor as the way forward for civil justice in the UK, for cases where there is some evidence to support a claim. However in cases where there is currently no evidence to support a claim, mediation would not be appropriate. The Department is signed up to mediation as a method of Alternative Dispute Resolution, but as the Lord Chancellor's Department's Press Notice on the subject makes clear, Alternative Dispute Resolution is not appropriate in every case.

12.49 The mediation process employs an independent person (the mediator) to facilitate negotiations between parties in a dispute in an effort to reach a mutually accepted resolution. The process is voluntary, flexible, confidential and non-binding, and can be entered into and terminated at the discretion of either party.

12.50 During 2002/03, 4 such meetings took place, and it is anticipated that the number of such methods of settlement will increase in future years.

THIRD PARTY ACCIDENT SCHEME (TOPAS)

12.51 If Ministry of Defence civil servants or Service personnel are injured by a third party while on duty it is the individual's own responsibility to pursue a claim for compensation without any assistance or involvement by the Department. The only exception to this has been that civil servants injured in road traffic accidents can have their legal costs underwritten by their TLB. This arrangement does not, however, apply to Service personnel or to civil servants injured in other circumstances.

12.52 Although on the face of it the policy seems harsh, it is consistent with the approach adopted by many large private sector companies. The reason why the Ministry of Defence cannot support staff in such circumstances is that the Ministry of Defence, in common with all other government departments, may only pay compensation, or become involved in pursuing claims, where it has a legal liability to do so. Any other policy would involve the misuse of public funds and the making of subjective judgements which could give rise to inequitable treatment of Claimants. Under common law the Ministry of Defence has no standing or vicarious liability in these cases and it does not have the authority to pay compensation to such Claimants nor to fund the cost of legal action on their behalf.

12.53 In order to relieve concerns expressed by Ministry of Defence staff (both Service and civilian), the Third Party Accident Scheme -ToPaS - was devised to provide no expense legal assistance to staff in the UK who are able to contact the ToPaS solicitors direct and obtain

immediate advice and assistance to pursue a claim on a conditional fee basis (so-called no win, no fee). The scheme is operated by Betesh Fox & Company, a firm of solicitors which specialises in personal injury claims.

12.54 The scheme is promoted extensively across Ministry of Defence establishments by way of posters, leaflets, newsletters and also via a dedicated website at www.topas.org.uk. A current marketing campaign is underway to explore new opportunities and methods of promoting the scheme further, and to encourage personnel to advise the solicitors running the ToPaS scheme about accidents within 5 days of them occurring.

DOES TOPAS WORK?

12.55 The ToPaS scheme has helped many hundreds of Service personnel and Ministry of Defence employees since its inception. Many of these people were injured in a variety of accidents, some of which have been serious, such as the case of Mr X, which is outlined below.

12.56 Mr X, formally serving in the Grenadier Guards, was involved in a serious road traffic accident on 6 October 2001, while he was travelling as a back seat passenger in a Landrover with 3 other soldiers on the A11 in Cambridgeshire. Mr X sustained serious head injuries as a result of the accident, leading to his medical discharge from the Army.

12.57 The accident occurred as a result of a motorist leaving his stationary vehicle unattended on the outside lane of the A11. Another driver collided with the parked vehicle, which in turn collided with the Landrover, causing it to spin and turn over two or three times. Mr X was thrown about inside the Landrover and ended up in the road sustaining serious head injuries. The other 3 soldiers travelling in the Landrover also suffered injuries.

12.58 Mr X subsequently contacted the ToPaS solicitors, Betesh Fox & Co, and his case was accepted. Advice and support was immediately offered to Mr X and his family in regard to pursuing substantial compensation against the driver responsible for the accident. Although his case has still to concluded, ToPaS solicitors have helped secure a formal admission of liability from the person responsible for the accident, as well as assistance in securing an interim compensation payment of £140,000 for Mr X to buy a home now that he has left the Army. His overall compensation claim will include loss of earnings (as he is unlikely to work again) and substantial care. It is anticipated that his total compensation will be in excess of £1 million and will take about another year to conclude. ToPaS is also assisting the 3 other soldiers who were injured in the same accident.

12.59 ToPaS can be contacted on:

Telephone	-	0870 998 9000
Fax	-	0870 998 9100
Website	-	www.ToPaS.org.uk
e-mail	-	xxxxx@xxxxxxxxx.xx.xx

ANNEX A

DC&L(F&S)CLAIMS - ORGANISATION

CHIEF CLAIMS OFFICER - BAND B1

SENIOR CLAIMS OFFICER (CLAIMS HANDLING) - BAND C1

Responsible for Employer's Liability Group, Public Liability Group and Clinical Negligence/Employment Tribunals Group

SENIOR CLAIMS OFFICER (POLICY, FINANCE AND RISK MANAGEMENT) - BAND C1

Responsible for Policy & Finance Group and Risk Management Group

POLICY & FINANCE GROUP

STAFF:

Indemnities & Insurance Adviser	Band D
Assistant Adviser Indemnities & Insurance	Band E1
Policy & Contracts Adviser	Band D
Motor Transport Liabilities Adviser	Band D
Budget Manager	Band D
Budget Officer	Band E1
2 Payments Co-ordinators	Band E2
Focal Point Manager	Band E1
2 Focal Point Administrators	Band E2

RESPONSIBILITIES:

FINANCIAL MANAGEMENT
Budget management and financial planning for DC&L(F&S) and the financial management of C&L(F&S)Claims.

NON-CONTRACTUAL INSURANCE
Non-contractual insurance (principally non-core aviation risks), including liaison with Ministry of Defence's insurance brokers, indemnities and the claims aspects of MOUs

THIRD PARTY MOTOR CLAIMS
Policy relating to third party motor claims and liaison with AXA Corporate Solution Services Ltd.

REGULATIONAL CLAIMS POLICY
Policy for Regulational claims, which are those received from employees for loss of or damage to personal property in the course of their employment. The payment of claims is the responsibility of the TLB in which the employee works.

DIRECTORATE ADMINISTRATION
Claims co-ordination and Focal Point (i.e. Registry functions).

CONTRACTUAL MATTERS
Liaison with contractors working for D C&L(F&S) and the Ministry of Defence's commercial branch on contractual issues.

EMPLOYER'S LIABILITY GROUP

STAFF:

Team Leader	Band C2
3 Case Managers	Band D
3 Assistant Case Managers	Band E1
1 Part-time Assistant Case Manager	Band E1
1 Section Administrator	Band E2

RESPONSIBILITIES:

SERVICE PERSONNEL EMPLOYER'S LIABILITY CLAIMS
Handling of Service personnel and ex-Service personnel employer's liability claims received before 1 July 1996 and managing the contract with Royal and Sun Alliance which has dealt with this type of claim since 1 July 1996.

CIVILIAN PERSONNEL EMPLOYER'S LIABILITY CLAIMS
Managing the contracts with AXA which deals with claims of this type notified before 1 May 2002 and with Royal and Sun Alliance which deals with claims of this type notified on or after 1 May 2002.

SECTION 10 CLAIMS
Claims from members of the Armed Forces barred by Section 10 of the Crown Proceedings Act 1947.

RADIATION CLAIMS
Claims for compensation due to illness alleged to have been caused by exposure to radiation, including Nuclear Test Veterans.

MISCELLANEOUS CLAIMS
Miscellaneous claims from Service and ex-Service personnel including defective enlistment, false prosecution, unlawful detention.

LOW FLYING
Claims relating to military low flying activity in England, Scotland and Wales.

MARITIME CLAIMS
Maritime claims including accidents, salvage, collisions and damage to fishing gear.

PUBLIC LIABILITY GROUP

STAFF:

Team Leader	Band C2
3 Case Managers	Band D
4 Assistant Case Manager	Band E1
1 Section Administrator	Band E2

RESPONSIBILITIES:

PUBLIC LIABILITY CLAIMS
Public liability claims, including personal injury, and property damage.

VISITING FORCES
Claims against visiting forces in the UK (under Section 9 of the Visiting Forces Act 1952 and Article VIII of the NATO Status of Forces Agreement).

NORTHERN IRELAND CLAIMS
Politically sensitive claims from members of the public arising from the activities of the Armed Forces in Northern Ireland. These range from unlawful detention to shootings.

VEHICLE CLAIMS
Privately owned vehicle damage claims and RTAs overseas in countries not covered by an Area Claims Officer.

OVERSEAS OPERATIONS
Claims policy relating to overseas operations and advice to Area Claims Officers in Northern Ireland and overseas.

EX-GRATIA PAYMENTS
Responsible for ex-gratia payments, including the human volunteer research no-fault compensation schemes.

CRIMINAL INJURIES COMPENSATION
Responsible for criminal injuries compensation claims from Ministry of Defence Civil Servants' dependants based overseas.

NON-MARITIME RECOVERIES
Recovery of Ministry of Defence's uninsured financial losses, excluding those arising from traffic accidents in the UK.

CLINICAL NEGLIGENCE GROUP

STAFF:

Team Leader	Band C2
3 Case Managers	Band D
1 Assistant Case Manager	Band E1

RESPONSIBILITIES:

CLINICAL NEGLIGENCE
Claims for compensation where it is alleged that the Ministry of Defence has acted negligently.

EMPLOYMENT TRIBUNALS
Co-ordination of the Ministry of Defence's response to claims put to Employment Tribunals by current and former Service personnel.

GULF VETERANS' ILLNESS
Potential claims for alleged Gulf War illness.

POST TRAUMATIC STRESS DISORDER
Claims from Service and ex-Service personnel alleging failure of the Ministry of Defence to recognise, diagnose and treat their PTSD.

RISK MANAGEMENT GROUP

STAFF:

Team Leader	Band C2
1 Risk Policy Adviser	Band D
1 Risk & IT Manager	Band D
1 Assistant Adviser Risk & IT	Band E1

RESPONSIBILITIES:

RISK MANAGEMENT
Development and implementation of a Risk Management strategy to identify the circumstances which give rise to claims for compensation and to devise ways of reducing the causes of incidents. Secretariat to the Claims Risk Management Working Group. Risk management statistics. Claims and risk presentations

INFORMATION TECHNOLOGY SYSTEMS
DC&L(F&S)Claims information technology (IT) systems (CHOTS, RM database, RAPID, and CHASP).

DC&L(F&S)CLAIMS STAFF, PROGRAMME AND OPERATING COSTS - FINANCIAL YEAR 2002/03

COSTS

OPERATING COSTS - £1.6 million

PROGRAMME COSTS - £102.4 million (compensation, legal costs, experts fees, etc.)

RECEIPTS - £6 million

TOTAL COSTS - £98 million

DC&L(F&S) STAFFING AS AT 31 MARCH 2003

GRADE	ESTABLISHED POSTS	ROLE
B1	1	Chief Claims Officer
C1	2	Senior Claims Officer
C2	4	Team Leaders
D	14	8 Claims Managers 1 Budget Manager 1 Policy & Contracts Adviser 1 Insurance and Indemnities Adviser 1 Risk Policy Adviser 1 Risk & IT Manager 1 Motor Tpt Liabilities Adviser
E1	10	6 Assistant Claims Managers 1 Asst Risk & IT Adviser 1 Budget Officer 1 Asst Adviser Indemnities & Insurance 1 Focal Point Leader
E2	6	2 Payments Co-ordinators 2 Section Administrators 2 Focal Point Administrators

ANNEX B

TOP 20 CASES SETTLED BY DC&L(F&S)CLAIMS 2002/03

CLAIMANT	TYPE OF INJURY/LOSS	COMPENSATION*
Army	233 claimants injured or killed by unexploded ordinance in Kenya.	£4,500,000
Civilian	Negligence during childbirth.	£3,600,000
Army	Fractured spine resulting in paralysis sustained in a Road Traffic Accident.	£2,300,000
Army	Failure to treat and diagnose peripheral vascular disease.	£600,000
Civilian – Child	Negligence at birth causing deafness.	£600,000
RAF	Failure to diagnose a malignant melanoma.	£500,000
Army	Severe head injury as a result of being run over by vehicle.	£475,000
Army	Received facial injuries on impact when driving a tank.	£418,000
Army	Severe head injuries sustained in a Road Traffic Accident.	£410,000
Army	Clinical negligence resulting in damaged disc.	£400,000
Army	Delay in diagnosing illness causing blindness.	£391,000
Army	Clinical negligence resulting in damaged nerves.	£364,000
Civilian	Claimant injured in helicopter crash.	£340,000
Civilian	Oil pollution from barracks washdown facility.	£330,000
Navy	Claimant hit by ships anchor.	£315,000
Army	Serious head injuries sustained in a motorcycle accident.	£310,000
Army	Clinical negligence during Haemangioma operation.	£252,000
Navy	Salvage claim by two commercial tugs that provided assistance to HM ship that had run aground.	£242,500
Army	Clinical negligence resulting in hearing loss.	£235,000
Navy	Clinical negligent treatment of fractured femur.	£229,000

* Excluding Legal fees

ANNEX C

TOP 10 CASES SETTLED BY RSA 2002/03
SERVICE PERSONNEL

TYPE OF INJURY/LOSS	COMPENSATION
Head injury sustained in Road Traffic Accident	£1,389,000
Back injury falling down poorly maintained steps	£1,305,000
Back injury falling from abseiling rope	£1,233,000
Fatality in helicopter crash	£630,000
Fatality in helicopter crash	£617,000
Solvent exposure	£571,000
Injured following Road Traffic Accident	£527,000
Killed following aircraft crash	£520,000
Killed following Road Traffic Accident	£419,000
Parachute accident	£369,000

ANNEX D

TOP 10 CASES SETTLED BY AXA 2002/2003
CIVILIAN PERSONNEL

TYPE OF INJURY/LOSS	COMPENSATION
Leg amputation/explosion	£1,325,000
Drowned/hit by propeller	£638,000
Asbestos related disease	£317,000
Asbestos related disease	£262,000
Asbestos related disease	£201,000
Asbestos related disease	£181,000
Asbestos related disease	£175,000
Asbestos related disease	£172,000
Asbestos related disease	£170,000
Head injury	£169,000

ANNEX E

SERVICE PERSONNEL PERSONAL INJURY CLAIMS HANDLED BY RSA CURRENTLY ACTIVE OR SETTLED WITHIN THE LAST 5 YEARS

CAUSE	ACTIVE	SETTLED	TOTAL VALUE
Abseil	5	6	£1,712,000
Accident at Sea	29	28	£5,687,000
Aircraft Accident	36	25	£14,409,000
Animal Attacks	6	6	£60,000
Assault	19	19	£1,146,000
Boots - Bad Fit	9	4	£283,000
Bullying/Harassment	30	9	£1,785,000
Cycling	10	13	£438,000
Diving/jumping into water	7	1	£4,117,000
Electric Shock	3	7	£278,000
Explosion	25	37	£1,747,000
Exposure (hot, cold, chemicals etc)	48	43	£6,308,000
Fall - General	66	57	£5,404,000
Fall - Hole or Trench	16	21	£606,000
Fall - Manhole	13	11	£534,000
Fall From Bed	2	4	£51,000
Fall from Horse	1	1	£691,000
Fall from Ladder	9	10	£963,000
Fall From Vehicle	27	27	£495,000
Fall from Window	2	1	£534,000
Fire	4	5	£782,000
Food Poisoning	3	2	£46,000
Gun	48	28	£3,951,000
Hearing Loss/Damage	89	42	£2,642,000
Injury in Hospital	1	3	£208,000
Lifting/Handling	88	68	£6,179,000
No Code	43	94	£1,472,000
Other	52	66	£3,202,000
Paintball	1	2	£172,000
Parachuting	21	12	£4,448,000
PTSD	4	3	£632,000
Racial Abuse	2	0	£172,000

RSI	2	1	£603,000
Sexual Assault	8	6	£233,000
Slip	97	71	£2,729,000
Sport	69	57	£6,406,000
Steps & Stairs	36	29	£2,132,000
Stress	7	2	£322,000
Struck By	135	119	£6,996,000
Suicide	3	1	£57,000
Training - General	60	55	£12,638,000
Training - Assault Course	34	17	£10,790,000
Training - Climbing	12	3	£3,365,000
Training - Marching	7	0	£94,000
Training - Public Order	29	26	£914,000
Training - Running	11	7	£299,000
Trapped Body Part	40	36	£3,715,000
Trip	48	32	£1,588,000
Vehicle Accidents	315	441	£44,680,000
Vibration White Finger	5	1	£77,800
Wire (razor or barbed wire)	4	6	£88,000
TOTAL	**1641**	**1565**	**£168,880,800**

DISTRIBUTION LIST

APS/Secretary of State
APS/Minister(AF)
APS/Minister(DP)
APS/USofS
Parliamentary Branch

DPSO/CDS
PS/VCDS
CNS
CGS
CAS
CDL

DCDS (C)
DCDS (EC)
DCDS (Pers)
DCDS (Pers) BMU
DCDL

CinC Fleet
CinC Naval Home Command
CinC Land
AG
GOC NI
AOCinC(STC)
AOCinC(PTC)
CJO
CE/DPA

PS/PUS
PS/2nd PUS
PS/CSA
Policy Director
Personnel Director
Finance Director
Science & Technology Director

DG SP (Pol)
D SP Pol(P&W)
D SP Pol(Man)
D SP Pol(MW)
D SP Pol(PA)
D SP Pol(SC)

DGCP
D CP Pol
D CP ER

AD IRU
AD2 CEDU
D CP HRM
D CP PA
AD CP Allowances
D CB(Pers)
D CPM 1
D CPM 2

DGMO
DGS&S
DGRP
D P&A
DG Info
DGCC
DCCS
DCC(N)
DCC(A)
DCC(RAF)

MOD Legal Adviser
JAF
JAG
CNJA
DALS
DLS(RAF)
DGNPSP
DPS(A)
COS/AMP

Hd NP Sec
Hd NMA Sec
APC Secretariat (2 copies)
APC (Litigation)
Hd AMP Sec
PMA (CS) (RAF)
PM(N)
PM(A)

D SEF (Pol)
CESO(Navy)
CESO(Army)
CESO(RAF)
Ship Safety Management Office
H&S FOSF

Hd of GVIU
GVIU 1

D Fin Pol
D RP(Centre)
D Navy RP
D Army RP
D Air RP
DCDS(Health) (2 copies)
SGD AD BM
Medical Director General (Navy) – SO1
AMD(Navy)
AMD (Med Leg) (2 copies)
AMD (Legal) (RAF)
Med Org 2(RAF)
SO1 Prev Med UKSC(G)

CIVSEC/HQNI
CS/HQ UKSC(G)
CS HQ BF Cyprus
CS HQ BFFI
CS/Gib
Hd Def Admin (BDSW)

Area Claims Officer NI
Area Claims Officer North West Europe
Area Claims Officer Cyprus
Area Claims Officer Kosovo
Claims Officer Falkland Islands

Command Secretary Fleet
Command Secretary Naval Home Command
Command Secretary Land
Command Secretary AG
Command Secretary Strike Command
Command Secretary PTC
Civil Secretary PJHQ
DG Resources DLO
DG Resources DPA
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CE/SCE
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CE/WSA

AD SC Ops(Tpt)4
SC Ops(Tpt)4d
SC Ops(Tpt)4d1
SC Ops(Tpt)4d2
SC Ops(Tpt)4d3
SC Ops(Tpt)4d4
WSA/620
HQ Land Log Spt (Tpt)
HQ STC S&M Pol 3e
HQNI CSS(Tpt)
HQ BFC J4(Tpt & Mov)
CSV (IPT)
LAIT RO2A
DTMA Bus Tvl Man (Sfc)
HQRM WO1d
Command Master Driver HQ LAND
Command Master Driver HQNI
Master Driver HQ 2 SE Brigade
Master Driver HQ 49 Inf Brigade
SO3 Log Sp Catterick Garrison
OC Log Sp Unit Colchester
TCWO HQ 42 Brigade
PMA CS1b
Centre for Human Science, QinetiQ
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