

EXPLANATORY MEMORANDUM TO
THE DEFENCE AVIATION REPAIR AGENCY TRADING FUND
(REVOCATION) ORDER 2008

2008 No. 1208

1. This explanatory memorandum has been prepared by the Ministry of Defence and is laid before the House of Commons by Command of Her Majesty. This memorandum contains information for the Select Committee on Statutory Instruments.

2. Description

The Order revokes the Defence Aviation Repair Agency Trading Fund Order 2001.

3. Matters of special interest to the Select Committee on Statutory Instruments

None.

4. Legislative Background

4.1 The Defence Aviation Repair Agency Trading Fund Order 2001 (SI 2001/1165) (“the 2001 Order”), made under the Government Trading Funds Act 1973, established the Defence Aviation Repair Agency (DARA) Trading Fund for the operations of DARA described in Schedule 1 to the 2001 Order.

4.2 The assets relating to the Electronics and Large Aircraft business of DARA were appropriated to the new Defence Support Group (DSG) Trading Fund, established under the DSG Trading Fund Order 2008 (SI 2008/563), whose funded operations were drawn widely enough to encompass that business.

4.3 The Defence Aviation Repair Agency Trading Fund (Amendment) Order 2008 (SI 2008/628) (“the 2008 Amendment Order”) amended the 2001 Order to provide for only the remaining assets, namely those relating to the Rotary Wing and Components operations of DARA, to continue to be appropriated to the DARA Trading Fund, which continued in existence with those assets appropriated to it.

4.4 This Order revokes the 2001 Order as amended by the 2008 Amendment Order. As a result of the revocation, the DARA Trading Fund ceases to exist. The Department has sold DARA’s Rotary Wing and Components business units to Vector Aerospace International Ltd.

5. Extent

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to the negative resolution procedure and does not amend primary legislation no statement is required.

7. Policy Background

7.1 DARA has undergone a major transformation programme. Its Fast Jet and Engines business units closed in March 2007; the Electronics and Large Aircraft business units were appropriated to the new Defence Support Group on 1 April 2008; and the Rotary Wing and Components business units have now been sold to Vector Aerospace International Ltd.

7.2 The Minister of State for the Armed Forces announced on 22 May 2007, subject to trade union consultation, and Parliamentary consent, the formation of the new DSG by merging all of the ABRO business units and the Electronics and Large Aircraft business units of DARA. The remaining operations of DARA, namely the Rotary Wing and Components business units, were subject to consideration for sale.

7.3 Consultation began with the Department's trade unions on 24 May 2007 and Minister of State for the Armed Forces confirmed on 25 July 2007 that, following the successful conclusion of trade-union consultation, the Ministry of Defence will proceed with implementation of this merger.

7.4 Accordingly the ABRO trading fund was dissolved and all its business units (together with the Electronics and Large Aircraft business units of the DARA) were appropriated to the DSG Trading Fund, which began formal trading on 1 April 2008.

7.5 While the sale of DARA's Rotary Wing and Components business units to Vector Aerospace International Ltd was being completed, the DARA Trading Fund Order 2001 was amended to provide that only the Rotary and Wing Components business units would continue to be financed by the DARA Trading Fund. The 2008 Amendment Order was made to deal with the risk of the sale not completing. Now that the sale has completed, this Order is being made as soon as possible to dissolve the DARA Trading Fund.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector is expected to be nil.

9. Contact

Mrs S J McIntosh at the Ministry of Defence (telephone: 020 7218 0564 or email: Sue.McIntosh641@mod.uk) can answer any queries regarding the instrument.