



HOUSE OF COMMONS

## Defence Committee

### Oral evidence: MoD Annual Report and Accounts 2021-22, HC 1225

Tuesday 26 April 2022

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Members present: Mr Tobias Ellwood (Chair); Stuart Anderson; Sarah Atherton; Richard Drax; Mr Mark Francois; Mr Kevan Jones; Mrs Emma Lewell-Buck; Gavin Robinson; John Spellar.

Questions 45-166

#### Witnesses

I: David Williams, Permanent Secretary, Ministry of Defence; Charlie Pate, Director General Finance, MoD; Air Marshal Richard Knighton CB, Deputy Chief of the Defence Staff (Financial and Military Capability), MoD; Sir Simon Bollom, Chief Executive, Defence Equipment and Support.

## Examination of witnesses

Witnesses: David Williams, Charlie Pate, Air Marshal Knighton and Sir Simon Bollom.

Q45 **Chair:** Welcome to this Defence Committee hearing on Tuesday 26 April 2022. We will be focusing on the Ministry of Defence annual report and accounts for last year. I am very pleased to welcome David Williams, Permanent Secretary at the Ministry of Defence, Charlie Pate, who is Director General Finance at the MoD, Air Marshal Richard Knighton, Deputy Chief of the Defence Staff, with responsibility for financial and Military capability, and Sir Simon Bollom, Chief Executive of Defence Equipment and Support. Thank you all for your time.

There is a lot to get through today. Given that we are talking about the MoD's finances under an awful lot of pressure, can I invite David, if you can, to explain to viewers the difference between RDEL and CDEL and why you have chosen to reduce RDEL in these difficult times? The main focus of today will be why we have an awful lot of equipment that isn't being repaired or procured in the time that we need.

**David Williams:** Thank you. In simple terms, the difference between RDEL and CDEL is that RDEL, or resource DEL, is the money that we spend on the day-to-day operating costs of the Armed Forces and the Department, including salaries, the pay bill, equipment and support costs, and our consumption of stocks and spares. CDEL, or capital DEL, is the money that we spend investing in new fighting equipment as well as our infrastructure, so it is investment in fixed assets.

The financial settlement we had in the spending review in late 2020 provided for a substantial uplift in capital funding across the four years of that period. That is something we are looking to exploit with our spending plans right now. As you will have seen from our equipment plan publication, the capital position becomes tighter later across our 10-year planning horizon.

On the resource DEL, we also got an uplift for the financial year that has just finished. If you start from a 2019-20 baseline and look across the spending review period, there is a material uplift in our resource DEL, but it is broadly flat across the spending review period once you have that first year uplift. Later in our planning horizon, we think we have a bit more flexibility on resource DEL, as a range of initiatives including automation, investment in capability that requires fewer people to operate it, and some of our transformation and efficiency programmes kick in. There is a rationale for that profile. As always, there are interesting choices to be made in the balance of capability and money within the defence programme.

Q46 **Chair:** Those are the interesting choices we are going to be exploring today. It is fair to say that according to the last spending review produced—the Red Book—defence spending over the next four years will



## HOUSE OF COMMONS

actually decrease by 0.4%. Do you concur?

**David Williams:** The Treasury figures as set out in the Red Book are right. Our spending review started from the year before the baseline used for that document.

Q47 **Chair:** I think it is fair to say that the Committee would congratulate the MoD on the integrated review, which recognised the threats coming over the horizon. Some of those have now arrived, so obviously the situation is different. One thing that did appear was a focus on cyber and space, which was very much welcomed, but that had the consequence that extra funding had to go there, on top of our conventional funding. Do you agree that if you had had more money—if the budget had increased—you would have been able to pay for more E-7 aircraft, which was the original intention? You would not have had to cut Hercules, you would not have had to cut the tanks, you probably would not have had to cut Warrior—you could have upgraded them—and you would not have had to cut 10,000 troops. You made those decisions because of financial limitations, rather than because of operational requirements.

**David Williams:** Let me answer that in two parts. During the Integrated Review and the spending review that accompanied it, the Department, our Ministers and the Government as a whole made a series of decisions about the transition from a range of existing capabilities into the future. Indeed, we prioritised investment in those future sets of capabilities. Set against the threat that we perceived at the time, Ministers' appetite for risk in the middle of the decade allowed us to run some of those existing capabilities down sooner rather than later, to realise financial savings and to allow redeployment of personnel to help us build up those new capabilities. That was a set of judgments taken at the time, in the light of the threat that we perceived, the capability that we believed our Armed Forces needed and, of course, the money that we expected to have available.

Q48 **Chair:** On that last point, if you had had more money available, you would not have cut the Army by 10,000, would you?

**David Williams:** I don't know. I was not in the Department at the time, so I don't know what the order of buy would have been. Clearly, the world has moved on. There are underlying themes in the Integrated Review that were right. We identified Russia as the most acute threat to European security. We reconfirmed the importance of NATO as the bedrock of our security. And indeed the "I" in "Integrated," we emphasised the importance of whole-of-Government responses, not simply defence responses. Nevertheless, Putin's invasion of Ukraine suggests at the very least that the calibration of that threat is something that we need to re-examine, and it may well be that some of the risk judgments that we made during the IR are no longer palatable.

Q49 **Chair:** Would you agree that the world is now a different place and that we have entered a new era of insecurity?

**David Williams:** We said that the world was a dangerous place anyway. In the light of the experience since the end of February, Russia under



## HOUSE OF COMMONS

Putin is probably more dangerous and more unpredictable than we had expected. On the other hand, the performance of the Russian military in the field has probably been rather poorer than we had factored into our assumptions about how they would perform on the battlefield. I think there is something about taking any immediate lessons from the last couple of months, but it is also important that we have some perspective on learning the real lessons, rather than necessarily jumping to immediate conclusions.

**Q50 Chair:** We are placing more demands on our Armed Forces and having to procure more equipment. Do you agree that defence spending should increase?

**David Williams:** The level of defence spending, as you know, is a matter for Ministers and the Government collectively.

**Q51 Chair:** This is your opportunity. We are going to bat for you, and this is your chance. If you retired tomorrow and I asked you the next day whether defence spending should increase to about 3%, what would you say?

**David Williams:** I am hoping that the hearing will not go so badly that I am retired tomorrow. We need to look at the threat. We also need to look at the impact of inflation on our spending power, and I am as interested in how we manage the impact of inflation on our own direct costs and on our industrial base and supply chain, in terms of both our access to skills and people and, indeed, the cost and availability of raw materials.

There is a question about the risk appetite and the way the threat is developing means that we want to do different things. There is a challenge in being able to deliver the programme as we see it, although I should say—again, no credit to me as I was not in the Department at the time—that the current defence programme as we see it,—that the current defence programme is better funded, with more risk provision and more contingency, than, frankly, any I can remember in the 30-odd years since I first worked in the MoD.

**Chair:** Let us explore some of the equipment in detail now. Let us turn to Ajax and Richard.

**Q52 Richard Drax:** Gentlemen, good afternoon. Yes, the troubled Ajax programme. The SRO David Marsh told the Public Accounts Committee last month that as the Department had only seen test evidence of 30% of MoD's 1,200 requirements for the vehicle, there was "quite a long way to go yet" on testing. You will not set an in-service date but isn't it clear that, even if Ajax passes the ongoing reliability growth trials, this vehicle is not going to enter service until the middle of the decade at the very earliest? Who is best equipped to answer that? Air Marshal, that is your department, is it?

**Air Marshal Knighton:** I will start.

**Q53 Richard Drax:** You're the Military man.



**Air Marshal Knighton:** The Permanent Secretary was at the PAC and Sir Simon looks after—

Q54 **Chair:** We will give you all an opportunity to contribute.

**Air Marshal Knighton:** Thank you. DG Finance might want to chip in as well.

What David is setting out is that, until the problems with vibration and noise are fixed, the full testing programme that is established to give us confidence about the capability Ajax delivers when it comes into service cannot be completed. The delay we have as a consequence of the noise and vibration will inevitably have an impact on the in-service date and initial operating capability date. As Sir Chris Tickell, the Permanent Secretary and the SRO set out at the PAC, there is some cautious optimism around the fixes, certainly for the vibration and increasingly for the noise. However, until we are confident in that test data and understand that information better, it would be absolutely foolish to set out a date.

Q55 **Richard Drax:** Just before you go to David, we visited the plant and I think it is fair to say that we were all a bit staggered that this vehicle has taken more than 10 years from concept. It took 11 years, or even longer, before those trialling it in the Armed Services realised it could damage or did damage their ears and, in some cases, they had to leave the Army. I think we all found it staggering. They were using different earphones to the ones being deployed by the staff at General Dynamics, so the two were operating a vehicle with different protective kit. I personally was incredulous. Now we have vibration and noise, so that is, what, another year? That is 12 or maybe 13 years before this vehicle, of which we have nearly 600 on order, will be ready. It is a disaster, isn't it?

**Air Marshal Knighton:** So 589 is the total number. The original date for initial operating capability was the middle of this decade, 2025,<sup>1</sup> and that is unquestionably at risk. It is a matter of deep frustration to us in the Ministry of Defence and to the Army that this vehicle is not ready and not fit for purpose. That is what Dr David Marsh as the SRO and the rest of the team are busting their guts to try and get fixed.

Q56 **Richard Drax:** Sorry to be persistent, but on the damage it is doing to us, when we are trying to build this amazing new, all-singing, all-dancing armour, why has it taken so long to discover that it actually damages the soldiers who use it?

**Sir Simon Bollom:** There are a couple of issues.

Q57 **Richard Drax:** We know why. It is almost neglect, I would have thought.

**Sir Simon Bollom:** Let me just roll back. You made two important points there. One was about the different headsets that GD are using. We specified in the contract that the combat Mk2 headset, which is in general use throughout the Army, was to be the headset to be integrated.

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<sup>1</sup> 2025 was the planned date for Full Operating Capability [footnote inserted by MOD].



## HOUSE OF COMMONS

Importantly, that is then compatible with their own personal protection ballistic helmet. The GD crews have been using, essentially, just a headset and a boom mic to carry out their testing. They, to date, have not experienced any hearing issues at all, and the issue for us now is the compatibility between the combat 2 and the vehicle itself. To your point, I deeply regret that soldiers have been exposed to noise levels that are above what they should be and that damage to their hearing has happened, and we must sort that out.

We are now in a better place, as you will have seen, down at Merthyr. The plan going forward is to use a different headset as an interim—a headset called the Crewguard, which will allow us to go into the reliability growth testing and clearing some of these test points there. There has been extensive measurement of noise and vibration. There is good correlation between what industry—GD—say it is and the independent testing we have done at Millbrook, and we have solutions out there for both noise and vibration. What we now need to do is to finish off the validation trials.

**Chair:** Okay. We have a couple of quick questions. Mark first.

Q58 **Mr Francois:** Air Marshal, we share your frustration, too. When we visited, we were very disappointed that, having spent the best part of a day there and met a number of the workforce who were evidently doing their best, GD then laid 60 of those workers off the following week without having given us any intimation at all that they were going to do it. They said they were going to be transparent about the whole programme and then sacked 60 people a week later. For the record, the Committee was extremely unimpressed by that company's behaviour.

Morpheus is the brain of Ajax in effect—this highly digitised vehicle. For the moment she would carry Bowman, but presumably she would be upgraded to Morpheus, which David is turning into your next Ajax. It's a disaster. Initial operating capability, if we ever get there, is presumably with Bowman 5.6, which, at its full operating capability, is planned to be with Morpheus.

**Air Marshal Knighton:** I would have to check. The timetable was such that Morpheus could be rolled out alongside the Ajax reaching its FOC, but there would inevitably have been a transition from Bowman BCIP 5.6 through to Morpheus. I don't think it was a specific requirement for FOC. It would have been being able to connect—

Q59 **Mr Francois:** The reason for the question is that Ajax has been sold to us as this super highly digitised vehicle of the future—I am just saving time—so it has to have this very complex communication system to transmit its data around the battlefield and back to headquarters. Morpheus is the brain of it. If Morpheus doesn't work, there is no point in Ajax, is there?

**Air Marshal Knighton:** No, that's not quite right. What Morpheus offers you is the opportunity to use Morpheus Evolve to Open. What that allows us to do is put on to the system applications that are designed and developed by people other than the original equipment manufacturer for



## HOUSE OF COMMONS

BCIP and Bowman, which is GD. When the Ajax vehicle comes into service with BCIP 5.6, that is connected. That is able to transfer data and to provide the connectivity that is necessary for it to operate—

Q60 **Mr Francois:** That will be insecure within three years, so you negate the whole point. If you can't fix Morpheus, Ajax is a waste of time.

**Air Marshal Knighton:** If Morpheus is delayed and there is a requirement for incremental improvements in BCIP 5.6, that is what we will do.

Q61 **Stuart Anderson:** Sir Simon, you said that the General Dynamics staff had used the Mk2 ear defence and they had not had a problem.

**Sir Simon Bollom:** The combat Mk2 is the headset—

**Chair:** The standard headset.

**Sir Simon Bollom:** Yes, the standard headset. It is a requirement for it to be integrated. The GD people did some tests. I think it's INVISIO headphones and inner ear protection. It is purely for test.

Q62 **Stuart Anderson:** For health and safety—we spent a whole morning with them on this—they cannot use the combat Mk2 on Ajax for any testing because it could put their—

**Sir Simon Bollom:** We put a stop on it as well.

**Chair:** It has put people in hospital.

Q63 **Stuart Anderson:** I was just clarifying that point. When we left, we got them to categorically confirm that they believed the noise and vibration are fixed and they are waiting for UK MoD to test it. They are adamant that they have done everything at their end. Is that correct?

**Sir Simon Bollom:** I think, actually, that the question provides the answer. They have asserted to us that the vibration mitigations that they have put in there are satisfactory and it now meets health and safety standards. In terms of noise, there is still a dispute—with a capital D—in that we are very clear that, under the terms of the contract, they are required to integrate the combat 2 headset in there. It is up to them to figure out how to make that work. It may be that we will have to move to a different headset solution, but I would say that the noise is still very much something to be solved.

**Chair:** We need to make progress. Emma, did you want a final question this morning?

Q64 **Mrs Lewell-Buck:** Just quickly, on the back of that, Sir Simon, have the trials been completed yet? I knew they were due to be completed, but do you have those results to share with us?

**Sir Simon Bollom:** We do not have the results to share with you today, but I can tell you that there is reasonable correlation between the data that we have got from the Millbrook trials and what GD have done in their own testing.



Q65 **Chair:** Okay. Related to the Army's land warfare capability, you are getting rid of Warrior, which has a pretty decent turret on it, although it is dated, with Boxer, which does not have a turret at all. You are buying 623 of them, but not one with a turret. Is that something to review?

**Air Marshal Knighton:** The initial bulk purchase of Boxer is to provide an armoured personnel carrier. There is a case, which is due to come to the Investment Approvals Committee in the next few months, to increase the number of Boxer, and to add additional variants.

Q66 **Chair:** That wasn't my question. My question was, why didn't you buy one with a big gun on the top of it, given that it was replacing something that had a big gun on top of it?

**Air Marshal Knighton:** Boxer was not originally planned to be a direct replacement for Warrior, because Warrior was going through the upgrade programme. During the Integrated Review, the Army has changed its operating concept, and it brings together Ajax with Bowman,<sup>2</sup> and with Deep Fires, to provide the brigade combat teams to deliver what the NATO requirement is. We are examining turreted options as a future purchase for Boxer.

Q67 **Chair:** So you were expecting to buy Boxer to work with the upgraded Warrior. Is that what you are saying?

**Air Marshal Knighton:** In the original plan—

Q68 **Chair:** And because there's not enough money, you had to cancel a project and Warrior got the short straw.

**Mr Francois:** No, they cancelled it because it didn't work.

**Air Marshal Knighton:** If I might, Chair, just to put it on the record, as we described to the Committee earlier, when we are working through something like the Integrated Review, alongside a spending review, we are trying to balance the capability risk, the financial risk and the operating concepts, to deliver the best capability we can for our Armed Forces within the funding envelope that we have.

As we went through the Integrated Review, the operating concept changed, the budget increased and we took difficult decisions, which mean that we carry a degree of risk associated with it.

Q69 **Chair:** I understand all that. I am just saying that you had to cut Warrior because there is not enough money. You cannot allow Ajax to fail, because it does have a big gun on the top, and you need that to do dismounted warfare, otherwise your dismounted troops aren't protected.

**Air Marshal Knighton:** You are absolutely right; Ajax is an important component of the Army's plan going forward, which is why we are driving to make it work.

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<sup>2</sup> The Army's operating concept brings Ajax together with Boxer [footnote inserted by MOD].



**Chair:** Let us move on to another project that has been cut.

Q70 **Mr Jones:** Can I ask whether the decision has been made on the second tranche for F-35, and previous commitments to buy a further 90? Is that off the table, now?

**Air Marshal Knighton:** I have said this to the Public Accounts Committee, and I will set it out for Committee members here. We have on contract to deliver 48 F-35B aircraft. As part of our planning assumption in the IR and SR that we have just been through, we have assumed an increase of a further 26 F-35B aircraft, which would take the total fleet to 74. We have said that the decision about further purchase, beyond that 74, will be taken in the middle of the decade, in the context of what we decide to do on our Future Combat Air System programme. It is perfectly plausible to imagine a situation in which we could have the fleet of 138 F-35s that we originally described back in the early 2000s.

Q71 **Mr Jones:** So the only firm commitment is to the 74.

**Air Marshal Knighton:** Yes, and we are in the process of negotiating that additional purchase beyond the 48 with the Joint Program Office and with Lockheed Martin. The Secretary of State has been very clear that the final commitment that we make to those aircraft will be dependent on the Joint Program Office and Lockheed Martin demonstrating improvements in cost associated with support and the integration of UK weapons. But we have set aside the budget for that increase and for the additional infrastructure, support costs and people associated with it.

Q72 **Mr Jones:** So if we have 74, how many will be operational?

**Air Marshal Knighton:** All 74 aircraft would be operational, but inevitably you will have a number that are in the operational conversion unit, teaching pilots to fly for the first time on the aircraft, and a number that will be going through routine maintenance.

Q73 **Mr Jones:** I accept all that, but what's the number?

**Chair:** The force effects at readiness—I think that is the crazy phrase you guys use. How many have you got at any one time?

**Air Marshal Knighton:** We are talking about a relatively new aircraft that will evolve, in terms of its maintenance cycle, over the next decade, but we would expect, for a fleet of that size, probably about 20% of them—something like that—to be in maintenance at any one time.

Q74 **Mr Jones:** So what's the figure?

**Air Marshal Knighton:** If you want rough numbers, about 15 of them will be in maintenance, but as I said, that will evolve as we understand more about how we maintain this thing and how long it takes. That would leave you with 60-odd in the forward fleet.

Q75 **Mr Jones:** So you take 15 out. The rest will be operational, will they?

**Air Marshal Knighton:** Correct.



## HOUSE OF COMMONS

Q76 **Chair:** No, some will be training.

**Air Marshal Knighton:** They are still operational; they are operational-standard aircraft.

Q77 **Mr Jones:** I know you're dancing on the head of a pin, but—

**Air Marshal Knighton:** I am not at all, Mr Jones; I am trying to explain to you how we do fleet maintenance on combat aircraft.

Q78 **Mr Jones:** As the Chairman said, how many will we be able to deploy at any one time? That is the figure I am trying to get at.

**Air Marshal Knighton:** We expect to build up three operational squadrons, which will have somewhere between 12 and 16 aircraft at a time—something like that. We have made a commitment, even with the fleet of 48, to be able to deploy up to 24 on two carriers at any one time. This will increase that number.

Q79 **Mr Jones:** So 36 aircraft.

**Air Marshal Knighton:** Maybe a little more.

Q80 **Mr Jones:** How many do you need to actually man a carrier?

**Air Marshal Knighton:** The routine operating model is 12 aircraft for a deployment, but as you have seen, we would plan to operate up to 24 and have demonstrated that we can do that. And the carrier can carry up to 36.

Q81 **Mr Francois:** These are all Bs, Richard, yes?

**Air Marshal Knighton:** All F-35Bs, so all carrier-capable—UK carrier-capable.

Q82 **Mr Jones:** This is something I have been saying for a while. It is quite clear that in future, when we deploy the carriers, we are going to deploy them with the US Marine Corps. I have no problem with that. I think it's just reality. The problem is that we are still stuck in the notion that we are going to have these two carriers with fleets of British aircraft on them when in fact we are not. As I say, I have no problem with it, because I think interoperability with the US Marine Corps is the way forward. But if that means that there is a mixed fleet, the MoD and the Ministers need to start saying this, because otherwise we are still stuck with the notion that somehow we are going to deploy both carriers together, with full fleets of British aircraft. We are not. I think that's where we need to get to—to try to get the narrative right. It is really a very capable piece of kit, the two carriers, with a mixed fleet of both US aircraft and ours. I have no problem with that.

**Air Marshal Knighton:** As you say, the mixed-fleet experience that we had through the carrier strike group last year really demonstrates the benefits of that. Just to be absolutely clear for the record, the policy position is that we would deploy, in a carrier strike mode, one aircraft carrier at a time. That is the routine model; it is not to have both aircraft carriers fully loaded with F-35s. And that has been our consistent position.



## HOUSE OF COMMONS

Q83 **Mr Jones:** I agree. That's why it was nonsense when there was the suggestion to sell off the second carrier. Can I ask, in terms of the weapons system, where we are at with the integration of Meteor and SPEAR 3 for the F-35?

**Air Marshal Knighton:** The programme for integration has started, and we are waiting for definitive dates from the Joint Program Office about when that work will be completed. As you can imagine, integrating new weapons on to complex platforms alongside other weapons from other nations is a technically challenging process. As I said in my answer to the Chair, the Defence Secretary has been very clear that this is a high priority for him, and that is the direction that we have given to our staff in the Joint Program Office.

Q84 **Mr Jones:** What do you think the timescale will be?

**Air Marshal Knighton:** I would have to come back to you with a specific date, if that is okay, Mr Jones.

**Mr Jones:** If you could—thanks.

Q85 **Chair:** Final question on this: 26 extra F-35s—have you got the money for that?

**Air Marshal Knighton:** Yes, we do have that. That is the provision we have made, yes.

**Chair:** When you say the provision—

**Air Marshal Knighton:** Within our budget, as set out in the equipment plan, we have sufficient funding to pay for that, and for the support, the infrastructure and the people.

**Chair:** Great to confirm. Thanks very much.

Q86 **Gavin Robinson:** Mr Williams, you are new to the Department. I have known this Committee for almost six years, and there is a recurring theme in these account sessions. We have just heard about E-7, Ajax, Type 26 and F-35Bs. Since you have joined the Department, which programme have you identified that exemplifies good procurement?

**David Williams:** Aha! Well, that is an interesting question. I mainly spend my time on the ones that are more troubled, so I might need a moment to reflect on that.

**Mr Francois:** There must be one.

**David Williams:** What I would say, actually, is that although I have only been in this role in the Department for a year, I have spent 20 years on and off in the MoD. A real highlight of my first year back has been seeing the deployment of the Queen Elizabeth carrier to the far east, with F-35 embarked and a multinational flotilla around her. I had been involved in that programme at previous stages of my career when it had also been troubled.



## HOUSE OF COMMONS

Sir Simon may want to come in on this, but behind the question it is understandable, right and appropriate that the most complex programmes—the very major programmes—that we are trying to deliver get a lot of attention. Those are the ones that are—in engineering and industrial terms and in terms of our integrational capacity—the most complex to deliver. But the troubled children, as it were, at the top end of the spectrum mask a really good performance on a broad range of contracts through DE&S, the SDA, which looks after our submarines, and the Defence Infrastructure Organisation. I think the picture on acquisition overall is better than I recall from earlier in my career, which is not to say that there are not programmes that still need lots of attention. I don't know, Simon, whether you want to talk.

- Q87 **Gavin Robinson:** I do think there is a recurring theme in the answers we get to questions like that as well. I suggest that if you can identify one that you believe to be exemplary, you should apply some of those lessons to those that fail, because there never seems to be an uptick in the curve that provides this Committee or our country with some positivity when it comes to defence procurement. You talk about the difficult ones; let us move on to Type 45, if you don't mind.

**David Williams:** Just before we move on—I will ask Sir Simon to perhaps pick up on Type 45—we have already touched on Boxer. Although you are not convinced it is the right thing for us to be buying, Chair, we are doing quite well at delivering it.

- Q88 **Chair:** I don't want us to get distracted. I am not saying that; I am saying you are buying 623—a myriad of variants, which is great. If it is replacing something that has a big gun—in simple language—you have not got a big gun on the battlefield unless you take a Challenger now. Ajax is still in the workshop. That is our concern.

**David Williams:** Boxer is coming in on time, and we are looking at how we can do better. Mr Francois, on your favourite measure of our major project performance, when we publish the update with the IPA later this year, there will be a small number of green projects—

**Chair:** Let's move back to the Type 45, if we can.

- Q89 **Gavin Robinson:** We have this firepower programme, and the refits and power mechanism for the Type 45, commenced in 2018, outlined that each ship would require one year for refit. How have we been doing since 2018?

**Sir Simon Bollom:** There are six ships. Dauntless is just coming into the trials phase, where the ship's staff move on board. That is the first of its type going through.

- Q90 **Gavin Robinson:** That is four years into the one-year projected time.

**Sir Simon Bollom:** And Dauntless is late, for a number of reasons.

**Mr Francois:** Very late.



**Gavin Robinson:** Four years into your one-year projection.

**Sir Simon Bollom:** It is running 11 months late, and there are a number of reasons for that, not least the complexity. We spoke earlier about the Type 26 and the first in class. You are taking a 10 to 15-year-old ship and cutting a hole in the side of that ship. You are removing the diesel generators that were in there and putting new sets in. That is a complex evolution by any standards, but it is disappointing. It is running late, and I fully recognise that the Royal Navy needs these ships in fleet time as soon as we can provide them.

Q91 **Gavin Robinson:** So when will all six be refitted?

**Sir Simon Bollom:** The plan at the moment is that they will all be complete by 2028.

Q92 **Gavin Robinson:** Why is it 2028, when it was projected that each ship would take one year? I believe that Baroness Goldie has now indicated that, because Dauntless took a little longer, lessons have been learned, which will allow an acceleration in the remaining five. Also, why we are talking about a projected six-year lag?

**Sir Simon Bollom:** One of the things that we have to do is balance this out with fleet time and the availability that the Royal Navy needs, particularly now that we have a carrier strike group up and running. That places pressure on Type 45 availability. If you had an ideal manufacturing plan, you would probably put two at a time, nose to tail, but the availability impact on the fleet would be unworkable, so we have to phase this in with the demands of the fleet.

Q93 **Gavin Robinson:** Have we ever discussed before on this Committee the overreliance on too few yards?

**Sir Simon Bollom:** The interesting thing with this is that we are looking at speeding up. Cammel Laird is the yard where this is being done. Daring, the second ship, is in work now, but the plan with Dragon is to use a second yard and do a combined PIP and upkeep down at Portsmouth.

Q94 **Gavin Robinson:** So 2028 is the projected date for the completion of this refit programme.

**Sir Simon Bollom:** Yes.

Q95 **Gavin Robinson:** Have you determined any new slippage in that timescale?

**Sir Simon Bollom:** As I say, I am confident about 2028, and the plan at the moment is to bring that forward.

Q96 **Gavin Robinson:** In 2018, the projected cost was £160 million for this scheme. Does £160 million remain the projected cost?

**Sir Simon Bollom:** It is a firm price contract with BAE Systems and Cammel Laird. That is the contract.

Q97 **Gavin Robinson:** So there will be no cost increase.



**Sir Simon Bollom:** No, there is a firm price to deliver the package.

Q98 **Gavin Robinson:** What is the projected accelerated timescale?

**Sir Simon Bollom:** We are working on it at the moment. We now have two ships being upgraded, which will allow us the opportunity to see how best we can accelerate in the future, but we have no commitment at this stage as to how we can accelerate it.

Q99 **Mr Francois:** You say you have to balance it with availability.

**Sir Simon Bollom:** Yes.

Q100 **Mr Francois:** On the carrier deployment, one of the two Type 45s broke down not once, but twice. If I am the Chinese navy, I will not be very deterred by that. You keep using this operational availability excuse, Sir Simon, to try to mask the fact that these ships should have been put right years ago.

**Sir Simon Bollom:** It is not an excuse. It is just a fact that we have to blend in with the fleet availability.

Q101 **Mr Francois:** But it is chicken and egg. You say we cannot put it right because it needs to be available, so we make it available and then it breaks.

**Sir Simon Bollom:** Defender was 100% serviceable for 5,002 miles during that deployment, as you rightly say. Dragon needed an engine change, which took 44 days in Trafalgar, and it had another five days' outage.<sup>3</sup> All complex warships will be subject to availability issues.

Q102 **Chair:** David, do you think we need a bigger Navy?

**David Williams:** I think this may be a common theme. As you know, we set our requirement for the size and shape of our Armed Forces in the Integrated Review, in the light of the Government's ambitions to support the UK's national interests as a global player. That ambition is reflected in the forward shipbuilding programme for the Royal Navy, and our ambition in that space is supported as well by our national shipbuilding strategy and the creation of our national shipbuilding office.

Q103 **Chair:** You have not really answered my question. Would you like a bigger Navy?

**David Williams:** That is a matter for Ministers to decide, not a matter for me.

**Chair:** The Air Marshal is dying to say, "Yes, I agree with that last report."

**Air Marshal Knighton:** What might help out the Permanent Secretary here is that we are committed to a bigger Navy. As the national shipbuilding strategy set out and the Minister set out in the Integrated Review, we will grow the size of our frigate and destroyer fleets. We are,

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<sup>3</sup> The vessel requiring an engine change was HMS Diamond, which took place in Taranto [footnote inserted by MOD].



## HOUSE OF COMMONS

in tonnage terms, the biggest the Navy has been for many years, so we are heading down the route of being a bigger Navy. I read your Committee's report on that and the evidence that went into it with interest.

**Mr Francois:** It is great when they finally turn up.

**Chair:** Let us move on.

Q104 **Stuart Anderson:** I just want to quickly pick up on the Boxer turret. We cannot leave that. You said you were looking at options. Is one of the options to put a turret on Boxer? Kongsberg has the ability to do that and we have had demos. Is that one of the options, whether it is them or anyone else?

**Air Marshal Knighton:** Yes, that is one of the options. The other thing is that we could imagine using the Boxer-based platform to put artillery on and replace our AS-90. The advantages we see with using a common platform is that you reduce your spares requirement, simplify your training and improve availability. It is also an enormous global fleet and I know that the Chair has been clear on things such as modularity and interoperability, and Boxer offers quite a lot of that.

Q105 **Stuart Anderson:** I am very impressed with Boxer, from what I have seen. Just moving on to my main question, are there any decisions at the moment to review the Defence Command Paper? Has it started or is it going to happen, based on the full-scale invasion of Ukraine?

**David Williams:** Let me start. As you would expect, we are going to review lessons from the events in Ukraine following Putin's invasion and what that means for our capabilities, both in the short and medium term. We have lessons-learned exercises under way already. You speak particularly about the defence command plan, so some of that will be internal to Defence. The defence command plan is our contribution to the overall Government's Integrated Review of defence and security. As the Defence Secretary has made clear, that was a threat-led review and as we understand how the threat has changed in the light of Russian activity and action in Ukraine, we may well want to re-examine some of the judgments made through that Integrated Review process.

Q106 **Stuart Anderson:** You may want to or you are going to?

**David Williams:** I am sure we will need to re-examine some of the judgments that we made during that Integrated Review process. What I cannot say at this stage is how many or which of those might change. As I have said previously, some of the underlying themes of the Integrated Review have been borne out by events in the last two months, in terms of our identification of Russia as the most acute threat to our national security, albeit that the calibration of precisely what reckless action Putin has been willing to take was probably off. It has cemented our long-standing position of NATO as the cornerstone of our national security, particularly in the Euro-Atlantic area, and highlighted the importance of the whole-of-Government response, if you think about sanctions and



## HOUSE OF COMMONS

economic measures in ensuring our national security interests, and the activity of the MoD and the Armed Forces directly.

**Q107 Stuart Anderson:** So would it be fair to say that there will be lessons learnt, as you said, and will this be made public?

**David Williams:** Look, I don't yet know whether there will be a formal Government review of the Integrated Review; that would not be a matter simply for the Ministry of Defence. Whether we publish any internal MoD lessons would really be a decision for Ministers, but I find it hard to imagine that we would not in some form, whether on the Floor of the House or in Committee sessions, be willing to talk about what those lessons might be.

It is important to have some perspective on the nature of the conflict in Ukraine—on the Ukrainian response and how Russia reconfigures. As the situation on the ground evolves, some judgments that might have been reached in the first couple of weeks may be more nuanced or look different two months in, and I don't know how the next month or two will play out. But I think that there will already be some areas where we want to examine questions of stockpiles. Clearly, we have been providing lethal aid to Ukraine, including through the provision of weapons and stocks from our current holdings. How we replenish and then sustain those stockpiles at an appropriate level in future is one thing we want to think about.

We have talked about the capability judgments that were made in the defence command plan over the course of the next decade as we look to invest in new capabilities, including in space and cyber, and retire some of our existing capabilities and platforms. That involves a set of risk judgments about the kind of capability we can field in the next few years in the middle of the decade before all of that new investment comes in. I think it would be appropriate to examine that risk judgment in the light of our assessment of the threat given what has been happening in Ukraine. I think there will therefore need to be some form of process, but I cannot predict exactly what the outcome will be.

**Chair:** I think the message from this Committee is very clear: there are aspects of the integrated review that are now out of date. We have entered a new era of insecurity and the MoD is going to need more money from the Treasury if we are to play our role as we want to.

**Q108 Mrs Lewell-Buck:** Just following up on that last point, David, it has concerned me from the outset that in the integrated review we are reducing some capabilities before we have new capabilities in place, such as in space and cyber, and the vulnerabilities that come with that. In our session last week we heard that the deployment of new equipment now needs to happen at pace. Is there any intention to do that, and is it even possible to speed up some of the new capabilities?

**David Williams:** Let me start and then the Air Marshal might want to come in. There is no one-size-fits-all answer to that. For some of our major programmes, our focus is on delivering on time on the current schedule. In other areas, there may be opportunities to advance the



## HOUSE OF COMMONS

schedule. We have already touched on Boxer, and it is something that we are looking at there. In some cases we might conclude that we want to run on some of the existing capabilities longer than we had previously planned. So we have a range of options if we conclude that we are taking too much capability risk in some areas in the middle of the decade, but it will not be a one-size-fits-all prescription. Air Marshal, do you want to come in on that?

**Air Marshal Knighton:** I might just add a bit to help the Committee's understanding. Where you have an existing production line, and where equipment is already being produced and there is then an opportunity to potentially take orders off that production line or swap delivery dates with other Allies, that offers an opportunity to accelerate the potential delivery dates that we have assumed.

For example, the A400M has a running production line and there are opportunities there. Where you have equipment that is being developed, perhaps indigenously, or is not yet in production, it is quite hard to accelerate delivery of that sort of capability because of the elapse time it takes to do the design and development.

My third point is to refer the Committee's attention to just how much pressure there is in the supply chain right now. We meet regularly with our colleagues in industry, and Sir Simon chairs the Defence Suppliers Forum, and we know that there are real pinch points in delivery of things like semiconductors and metal. Some of that has been created by the war in Ukraine, but these pressures existed previously. That places real challenges before industry in even meeting their current timelines, never mind accelerating them, but where there are opportunities Ministers are keen to understand what we can do, and we are exploring the options with Ministers over the next few weeks.

**Chair:** We need to make some progress.

**Mrs Lewell-Buck:** It's okay, I'll come back on this.

Q109 **John Spellar:** That was a very interesting answer. Doesn't it reveal the imperative to keep production lines ticking over, because they can be ramped up, rather than continue the stop-start practice that is traditional in defence?

**Air Marshal Knighton:** Yes, it is a strong case to say that if you have latent capacity and capability, with people and production lines that are not exactly dormant—that are ticking over—it is easier to ramp them up. Over the last 30 years, we have moved out of cost-plus contracting and into much leaner, more efficient methods of production and contracting; part of the price of that is a reduction in the resilience of our capabilities. That is the sort of risk judgment that David is suggesting we will re-examine as we think about the lessons from it.

Q110 **John Spellar:** David, what is the timescale for that re-examination?



## HOUSE OF COMMONS

**David Williams:** If I may, that is exactly the kind of re-examination we need to do. It is driven partly by what we are seeing in Ukraine, but actually I think it is a broader lesson for the Government of the UK. Think about resilience during covid, for example; there is something about national resilience and investing in capacity that is not just a question for the MoD.

The immediate judgment where we have diverted stocks to support Ukraine is whether we want to go for as quick a replenishment as possible because we want either to put more equipment into Ukraine or to build back up our own readiness, depending on how events unfold, but I am keen that we do not simply jump to replenishment of everything, without getting into some of this debate, including with the Defence Suppliers Forum, with the defence industry about how we get to a more sustainable baseline from which we can surge. It is a live issue for the coming months.

Q111 **Chair:** On Ukraine, touching on the judgments looking ahead, are you working out what equipment you may have to gift in order to have success in Ukraine?

**David Williams:** As the Defence Secretary set out in the House yesterday, we have been gifting quite a lot of equipment to Ukraine since before the invasion. That has evolved from relatively short range defensive anti-tank surface-to-air missiles to include now workaround protective mobility vehicles and moving into artillery systems and shells. That is in the short term.

Q112 **Chair:** I think Britain, and specifically the MoD, should be congratulated on leaning forward more than many other NATO countries in providing equipment. My question is: to what end? What is your strategic ambition? What equipment will allow the Ukrainians to meet their own mission, and what is that mission? What does the endgame look like?

**David Williams:** As the Secretary of State set out yesterday, put simply, the Government's objective is that Putin's invasion of Ukraine should fail. Whether that means pushing back to boundaries as they were on 23 February or the pre-2014 boundaries, we may have a view on it, but in the end it is for the Ukrainians to decide.

Q113 **Chair:** I disagree. We must have a view. Do you not agree that if Putin is able to hold on to any part of Ukraine, he can sell that to his own people as a success and go on to do other things, increase his adventurism, in other parts of Europe? It is in Britain's interests; this isn't just about Ukraine.

**David Williams:** I understand that.

Q114 **Chair:** So go back to my question. I made this point to the Defence Secretary yesterday but didn't get a clear answer. What does success in Ukraine look like?

**David Williams:** You are not going to get a clear answer from me today either, I'm afraid, not least because although, yes, we have a view on what is an acceptable outcome for our Ukrainian allies and what might be



## HOUSE OF COMMONS

the space in which Putin can settle—it is fluid and evolving—and although this is not my area of expertise, I would note that the kind of equipment and mass you might need to resist and defend against a renewed and concentrated Russian surge in the Donbas and the east of Ukraine is certainly quantitatively different from what you would need for the Ukrainians to go on a counter-offensive in a systemic way. It is a fluid question.

We are responding to the requests that our Ukrainian partners are making of us in partnership with the US and other Allies. We are also thinking—this is more for the medium term—about how the international community and the UK can support a future rearmament of Ukraine with more western NATO-standard weapons, which would make resupply in future easier and give them more capability, so that, depending on where we end up in this current phase, it is a much harder nut for Russia to think it might crack again in the future.

**Chair:** I do encourage the MoD, through NATO, and the Defence Secretary to establish and confirm what mission success looks like, because that then determines what equipment you pile in. This is increasingly a proxy war, which will spill beyond Ukraine if any part of Ukraine remains in Russian hands. These are the difficult questions that need answering, potentially by the NATO summit in Madrid. We can probably leave that there—we are close to going around in circles, and I suspect that privately you all agree.

Q115 **Richard Drax:** Stockpiling has been dealt with, but I have another question. If we had NATO deploy on a war footing in a conventional war against Russia—God forbid—will our Army, Navy and Air Force have all the kit and ammunition they need to fight a prolonged war?

**Air Marshal Knighton:** NATO's principal mission is to deter an attack, and the best way to deter an attack is to make the enemy feel as though the cost is too high. It seems to me that Russia is learning a lesson right now about the cost of invasion.

Q116 **Richard Drax:** That wasn't my question. It was: if we have to deploy—there is a remote chance of that happening—will our Army, Navy and Air Force have the equipment, the bullets and the missiles to fight such a war?

**Air Marshal Knighton:** Yes.

Q117 **Chair:** That is not what General Sir Richard Barrons told us a couple of weeks ago. He made it very clear that the Baltics would last perhaps a couple of weeks, and that NATO as a whole is completely unprepared. Our capability has decayed over the last couple of decades, and we will not be able to take on the might of a full Russian invasion into NATO space.

**Air Marshal Knighton:** General Barrons has become a renowned commentator on such matters since he retired. The scenarios we work through are many and varied, but if you are asking whether NATO has the



## HOUSE OF COMMONS

ability to blunt a Russian attack, the answer is yes, it does. I think what we have seen in Ukraine reinforces the idea that NATO over-matches Russian capability in lots of ways, but the last thing that any of us wants is to have some kind of—

Q118 **Richard Drax:** None of us wants that, but are you telling me that with our stockpile of artillery shells or missiles for ships, if this awful scenario unfolded, we could deploy for weeks, fight such a war and give the men and women all the kit, bullets and missiles that they need for more than just a week or two?

**Air Marshal Knighton:** In the foreseeable circumstances of the scenarios that we look at, yes.

Q119 **Mr Francois:** When we ran a simulation with the US XVIII Corps last year of exactly this—a corps-level exercise of which 3 (UK) Div was part—one of the key lessons that came out of that was that we ran out of artillery ammunition in a week.

**Air Marshal Knighton:** I have not seen that report, so I cannot comment on it.

Q120 **Mr Francois:** Perhaps we can write to you, but it made all the papers. We were given that evidence by a retired US general, Ben Hodges, in this Committee about nine months ago. Without wishing to doubt your veracity, Richard, because we know you well, he is saying that they ran a full-on warfighting exercise—they did not deploy a whole corps but had units and headquarters—and the Brits ran out of artillery ammunition within seven days. We got that from General Ben Hodges, and it is on the public record. We will send you the transcript.

**Air Marshal Knighton:** The question you have to ask as a Committee is: what were the assumptions around that scenario?

Q121 **Mr Francois:** That we might have to fire a lot of artillery shells.

**Air Marshal Knighton:** Precisely, so there is a whole set of planning assumptions. The point about warfare is that it is uncertain—it is unpredictable—so we have to make the best judgment we can about the level of stockpiles and capability we hold.

**Chair:** If we may, we will write to you. We are not going to get through all our questions today, so we will certainly add that to the list for you to respond to.

Q122 **Richard Drax:** I have one last question. Are our stockpiles being increased now, in the event of—God forbid—some sort of war with Russia occurring?

**Air Marshal Knighton:** Some have been depleted because we have given stock away to Ukraine. In some areas, some natures, as we describe them, in the Armed Forces are being increased.

Q123 **Chair:** Can we turn to something that is perhaps a bit of a distraction for the Royal Navy: Operation Isotrope? We did a quick study on this, but we



## HOUSE OF COMMONS

did not get many answers. It really wasn't clear what on earth the Navy was doing supporting the coastguard. In asking former First Sea Lords whether they would have stood up to No. 10 and said, "This is not what the Navy should be doing," can I ask how the Navy got sucked into doing something in the English channel, in the way that is now?

**David Williams:** The Department has agreed to support Border Force, in the first instance, although it involves the coastguard as well, in that element of the Government's illegal immigration strategy that takes place in the channel. Technically, in a hearing on the annual report and accounts, the ambit of our vote in the MoD includes questions of channel security, so it is not a great stretch to think that the Military might be involved. The activity that we have agreed to undertake through the course of 2022 is a combination of planning, of command and control and of better co-ordination of Border Force assets. There will be some supplementing of those assets with Military equipment, given the forecast of substantial increases in the number of people looking to cross the channel in small boats, but much of the activity will continue to be undertaken by the Border Force, albeit under operational command of the Military. We will learn lessons through this year and take a decision on whether that is an enduring commitment or a short, sharp shock and we can stop.

Q124 **Chair:** Or whether there should be an indigenous capability in the Home Office that does this, as it probably should do. You have been given £50 million, I understand, for new boats, for aerial surveillance and to pay for the Military personnel to do this job. Is it possible to explain what one of these fast boats—I think it is a P2000—will do when they bump into a migrant boat coming this way?

**David Williams:** We have been allocated £50 million, and that will cover some of the additional costs for the Navy, but we are also looking to see an increase in assets. Actually, I think most of those will be Border Force assets rather than additional Royal Navy equipment.

**Chair:** Yes, but you are getting £50 million, so I just wanted to know—

Q125 **John Spellar:** What's it being spent on, and over what timescale?

**David Williams:** It is for the financial year that we are in—'22-23—and it will cover additional costs that the Royal Navy and the Armed Forces incur in running a joint taskforce headquarters, in providing that overarching command and control. And it will allow us to access—but I think this will probably be run through Border Force rather than the MoD—additional surveillance assets and additional cutters.

Q126 **Chair:** That is helpful. Back to my original question, if one of our Army units goes out and bumps into a migrant boat coming the other way, what happens?

**David Williams:** Part of the challenge, first, is to actually track and make sure that we understand which boats in the channel are trying to cross. That may become a more difficult task over time; given other aspects of



## HOUSE OF COMMONS

the Government's new illegal immigration strategy, the willingness of people to be detected may go down.

Q127 **Chair:** So these new boats are about going out and finding the migrant boats coming our way, and then escorting them back in, I presume. Do the Army then do the arrest?

**David Williams:** No. The new boats, I think, will largely be crewed by Border Force, but they are under Military command and control. We are being quite careful about direct migrant-facing interactions between uniformed Military personnel. The powers rest with Border Force. It is about minimising the number of undetected crossings and ensuring that people are processed into the system in a way that is safe.

Q128 **Chair:** But the process is that a migrant boat will be located at sea, the P2000 will turn up and say, "All right, you've got to follow me," and it will be towed in and those people taken into a processing centre. Is that roughly—

**David Williams:** Yes.

**Chair:** Okay—that's it.

Q129 **John Spellar:** Where are these new boats going to be built?

**David Williams:** I don't know. That is a live question at the moment. Consistent with our shipbuilding strategy, it would be quite good to see them built in the UK.

Q130 **Chair:** So you haven't got the boats yet, but you've only got the money for the year 2022.

**David Williams:** Well, it is coming in this year—we may be able to spread it—but the MoD has agreed to step in on this task until the end of January '23 and then we will re-evaluate with partners in Government whether we continue.

Q131 **John Spellar:** But haven't orders for these boats, or similar boats, been placed in a shipyard in Holland? That runs quite counter to what we were talking about earlier—keeping our capacity rolling.

**Air Marshal Knighton:** On the specific question about these boats, my understanding is that the Home Office has not yet launched that competition. The Defence Secretary, as the shipbuilding tsar and the architect of the shipbuilding strategy, is involved in the debate about how that procurement should run, in the context that Mr Spellar sets out.

Q132 **John Spellar:** The Home Office has ordered them from a yard in Holland.

**Air Marshal Knighton:** For the boats that we are talking about, as far as I understand it, that competition has not yet been launched.

Q133 **John Spellar:** What are we going to do to try to ensure that they are built in a yard in the UK to maintain, and therefore sustain, our capability in this area?



## HOUSE OF COMMONS

**Air Marshal Knighton:** What the shipbuilding strategy set out was a commitment specifically from Defence of nearly £13 billion over the next 10 years, which allows industry to start to establish its capacity and capability and to have certainty in the long term about what the work throughput will be. That enables industry to invest private sector capital to improve efficiency and effectiveness, that makes it more competitive, and that enables it to win orders in the UK but also from overseas.

Q134 **John Spellar:** Shouldn't that mean that, in this area, we are going to be building that capacity? If not, why not?

**Air Marshal Knighton:** That specific question about this particular procurement is being dealt with by the Home Office. I know, and I can reassure the Committee, that the issues that Mr Spellar sets out are being considered as they think through the procurement strategy for those boats.

Q135 **Chair:** This is a theme the Committee is very keen to continue—that we use British capability.

**Air Marshal Knighton:** Understood.

Q136 **Chair:** Why doesn't this fall under MACA—Military assistance to the civil authorities?

**David Williams:** The Government were keen, for the duration of this year, to put it on a more formal footing than the relatively ad hoc MACA requests. We are leaning in, our costs are being covered, and we are picking it up as a task. It is effectively an initial operating capability through this year. We will evaluate how well it has worked and there will be a Government decision on whether it continues into 2023.

Q137 **Chair:** I do hope this includes the ability for the MoD to teach the coastguard to upgrade its own capabilities, so that the Navy can get back to doing what it should be doing.

**David Williams:** Understood; yes.

**Chair:** Good. I look forward to that happening in reality. We will move on to Armed Forces personnel.

Q138 **Mr Francois:** Capita.

**David Williams:** Yes.

**Sarah Atherton:** End of.

**Mr Francois:** It is "Crapita" according to *Private Eye*, but that is up to them. I have tabled some PQs on this. Capita plc and its subsidiaries currently have 67 contracts with the Ministry of Defence, totalling somewhere over £3 billion. That makes it one of your largest suppliers—not of weapons, but of services. There is a very big relationship between Capita and the MoD.

One of the biggest contracts, although not the largest, is the defence



## HOUSE OF COMMONS

recruiting system, which has been very highly criticised in the past. It began in 2012. It had an annual recruiting target for the Army. It has hit that target only twice in about the last eight or nine years. Because in the initial years it was thousands short every year, and that cohort goes forward, the Army has been consistently undermanned for years. Why have you not sacked it from the DRS?

**David Williams:** The key points in that introduction are in the past. Your point about performance only having met target in two or, I think, three years is that it has been in the last two or three years since a fundamental reset of the arrangement in 2018. The decision was taken in 2018 to recast and reset the arrangement. As I understand it, since then we have met—I may get this the wrong way round—100% of our officer recruitment targets and 98% of our other rank targets. It has been a difficult and poorly performing contract, but since that reset the service has been performing much better in the last few years.

Q139 **Mr Francois:** Marginally, but in a sense the damage has already been done. Many people think that one of the reasons the Army was cut back so heavily in the integrated review was that you could no longer man it. Because of Capita's persistent failure for years—it did not just have one bad year; it had about six or seven—you have had infantry battalions more than a company short. The Army was critically short of personnel, so in the end it decided to go for 72,500—recently backfilled by another 500—partly because Capita broke the back of the Army because it couldn't man it.

**Air Marshal Knighton:** To reassure you, I was in the Department through the Integrated Review and that logic was not at all part of the thinking. As David said, last year we had 100% of officer recruitment and 98% of soldier recruitment. Over the previous two years, it was 100% of the targets for both officers and soldiers. For the last three years, the contract has been performing in the way the Army wanted it to. To give you an idea, the numbers in the Army today are up at around 77,000.

Q140 **Mr Francois:** Well, that is not the 82,500 book strength it is meant to be, and we both know that. If it is working well, what happened in March when, as was reported in the press this morning, there was a major data breach of the Capita computer system, 124 candidates had their personal data stolen, and that may or may not have been made available on the dark web? Who did it?

**David Williams:** I don't know, is the honest answer. I have seen the reporting today. We are investigating with Capita the source of the breach, which has been reported to the Information Commissioner's Office. We are pursuing the cause of the breach. I don't have that information with me today, but I would be happy to update—

Q141 **Mr Francois:** I'm sorry to stop you, David, but a Capita spokesman was quoted this morning as saying: "An in-depth third party investigation has concluded"—in other words, the investigation is over—"that no breaches of DRS occurred to our MoD-accredited system." Yet I have an answer



## HOUSE OF COMMONS

from Leo Docherty to a WPQ saying that a breach did occur. So, did a breach occur or not?

**David Williams:** As I understand it—but I would have to write to confirm to the Committee—we think there has been a breach affecting the personal data of 124 applicants. It has been notified to the Information Commissioner's Office.

Q142 **Mr Francois:** Can we say categorically that the Russians didn't do it, or do we not know?

**David Williams:** I do not know, sat here before the Committee today.

Q143 **Mr Francois:** Who conducted this "in-depth third party investigation"?

**David Williams:** I'm really sorry, but I just don't have that level of information with me.

**Mr Francois:** I'm sorry but this is really important.

**David Williams:** It is really important—I understand that.

Q144 **Mr Francois:** Capita's defence is that a third party were brought in independently, and I understand that that third party have produced a report saying, "Don't worry, it's all right." That third party is Accenture, isn't it?

**David Williams:** I personally do not know, Mr Francois.

Q145 **Mr Francois:** No disrespect, David, but bearing in mind that it was all over the *Daily Mail* this morning, I thought you would have been better briefed. I am not being rude, but I am a bit surprised.

Do Accenture have a commercial relationship with Capita regarding bidding for the Armed Forces Recruiting Programme?

**David Williams:** Look, I think we can explore the limits of my knowledge on this topic or I can write to the Committee to answer your question.

Q146 **Mr Francois:** No, you are not going to do the "I'll write to you and we'll change the subject" gag—we're not having that this morning. As I understand it—I may be wrong—Accenture are partnered with Capita to bid for the Armed Forces Recruiting Programme, which will supersede DRS in 2024. It is meant to be tri-service, although I understand that privately the Navy and the RAF are doing everything they can not to be involved, because of Capita's appalling track record. Accenture, as I understand it, are supporting Capita's bid for that very lucrative programme, and yet they appear to be the people who were brought in to investigate what went wrong. Aren't you concerned about that? You could argue there is a conflict of interest, could you not?

**David Williams:** The precise make-up of the consortia that are bidding for this will evolve during the competition. I don't know who Capita's partners will be at the time that the bids are submitted and evaluated.

Q147 **Mr Francois:** Will you publish the third-party independent review?



## HOUSE OF COMMONS

**David Williams:** I am happy to find out who the third party is and let you know. Were your proposition to be right, if there is a potential conflict of interest, you would expect professional service companies like this to have measures in place—Chinese walls or whatever it might be—to manage that. That would be common practice.

Q148 **Mr Francois:** In which case, are you happy to publish that third-party investigation?

**David Williams:** I think it is being done by Capita, so I will need to talk to them—

Q149 **Mr Francois:** I'm sorry, but if it is done by them, it can't be third party, by definition.

**David Williams:** It depends on who has commissioned it. Let me go and get the facts and I will happily share those facts with the Committee in a way that can be published.

Q150 **Mr Francois:** There is a very close relationship between Capita and the MoD, isn't there? I have tabled some PQs and quite a few senior personnel from the MoD have had to get ACOBA clearance in recent years to go to work for Capita, haven't they?

**David Williams:** A number have, yes.

Q151 **Mr Francois:** Some people think it is just too cosy. They were a disaster on the DIO contract. To be fair, you did fire them after five years, although in an answer to a PQ from me it is still down as a live contract—how that works, I don't know. They've still got DRS, and then you gave them a massive, plum contract of over half a billion pounds for Defence Fire and Rescue, despite them having been fired from one contract and behaving very badly on another. Why on earth did you do that?

**David Williams:** It reflects the quality of their bid for that contract. I don't think I was involved—let me just see if either of my colleagues were here when that was let. No, they were not. I can't give you the detail of the process that went through, but it will have been through an investment approval process.

Q152 **Mr Francois:** I just think it's all far too cosy and the taxpayer is not getting value for money from the relationship between Capita and the MoD. I think it's a revolving door—perhaps you don't.

Simon, you are leaving us shortly. Your replacement, Andy Start, was announced three days ago. Who does he work for?

**Sir Simon Bollom:** Capita.

**Mr Francois:** Oh!

**David Williams:** He does currently work for Capita—that's true.

Q153 **Mr Francois:** So the new head of procurement is the bloke who was the head, I believe, of the public procurement division of Capita.



## HOUSE OF COMMONS

**David Williams:** Capita Government services.

Q154 **Mr Francois:** Presumably all these contracts would have come in under him. Yes?

**David Williams:** Yes, I imagine so.

Q155 **Mr Francois:** Well, that's handy, because he obviously knows quite a lot about this then.

What I am really worried about, David, is that this third-party investigation was—this is phrase that was used to me privately—"a total whitewash". If people who wanted to join the Army have had their data on a Capita system hacked by a person or persons unknown, when it is no secret that the Russians have practised cyber-operations for years, if I were you—I mean no disrespect—I would be really worried. Do you give me your word that you will go back to the Department this afternoon and look into the whole thing?

**David Williams:** Yes, I absolutely will do that.

**Mr Francois:** You are a man of your word, so that—

**David Williams:** Just to defend Mr Start, it is unusual to have a go at senior departmental officials before they have started. Look, we went through a really rigorous process with headhunters, and it was fully commissioner-led. We had a really strong field. Mr Start has a wealth of experience not only in Capita but in the wider defence sector, and he is going to be good news for us.

Q156 **Mr Francois:** A senior NCO involved in Army recruiting said to me privately a few years ago, "They've done so much damage to the British Army, I sometimes think Capita work for the Russians." Can you just confirm to the Committee on the record that they do not work for the Russians?

**David Williams:** They do not work for the Russians.

**Mr Francois:** Okay. Thanks very much. Thanks, Chairman.

**Chair:** Thanks very much indeed. Sarah.

**Stuart Anderson:** Follow that!

Q157 **Sarah Atherton:** Yes, follow that. Can you just confirm, was it Capita's system or the MoD platform it sits on that was breached?

**David Williams:** My understanding, but I would have to confirm this, is that it was the Capita system rather than the MoD platform, but I will clearly need to go away, get the facts on this and—

Q158 **Mr Francois:** But Capita is saying it wasn't their system.

**David Williams:** I have also seen that in the *Daily Mail* today, but I have not spoken to Capita this morning about it.

Q159 **Mr Francois:** They are wrong?



**David Williams:** I don't know.

Q160 **Sarah Atherton:** Just a quick one on recruitment. I have had it from the ground up that recruitment has almost come to a halt. I asked the MoD for information on this, and I was told that a business continuity plan is in place, but that obviously is not working on the ground. So what are you doing at the moment to mitigate the possible loss of recruits going through recruitment system?

**Mr Francois:** Cutting the Army.

**David Williams:** No. Clearly, we have needed to understand what the vulnerability in the system has been. While aspects of that system have been offline, we have needed in part to collapse to paper-based approaches, whether that is around family details questionnaires or medical questionnaires. Recruitment is continuing, but there is a current pressure on the process as a result of the end-to-end system not being fully available. But we are bringing that back in stages as we are confident that that data vulnerability is addressed.

Q161 **Sarah Atherton:** A last one from me. Given that we are in this cyber-security world, what security accreditation processes has the DRS been subject to that obviously did not work?

**David Williams:** Cyber-protection is a really important part of our digital strategy. For future investment, being digital by design is absolutely part of our approach. I think it is fair to say that the legacy estate that we have in our range of IT systems does not necessarily have built-in cyber-protection at the level that we would like. Now, there are ways in which you can mitigate that, but let me set out precisely what security accreditation the system had, as part of my now quite long follow-up to the Committee.

**Mr Francois:** They had double accreditation, and then they dropped it to single accreditation, which is why the hack took place.

**Richard Drax:** I have a quick comment on recruiting which I want to put on the record. I have to declare an interest, because many I have spoken to are friends, or friends of friends of friends. They have all come to grief with Capita. It was potentially a very good year, but men and women have not got in because they had a skin disease when they were eight, and all the rest of it. The bureaucracy involved in trying to join the Army, which I was in and from where the feedback is coming to me, is absolutely appalling. I just put that on the record.

**David Williams:** Noted.

Q162 **Chair:** I was responsible for some pay reviews when I was a Defence Minister, and I was really concerned that we were salami slicing. Each year, we had to reduce and find cuts to meet some of the financial challenges facing us. People do not join the Armed Forces for the pay; that was never an issue, but it is now becoming an issue because we are not able to compete with the civilian opportunities out there. I hope that



## HOUSE OF COMMONS

is recognised by you here today. It is another reason why it is important that we look at defence spending.

**David Williams:** Yes. I have a couple of observations on that. First, the period when you were a Minister was financially much tighter than in the settlement we currently have, notwithstanding the conversations we have had about whether that might be still higher.

Partly through the impact of covid and the impact on other opportunities, we have seen numbers in all three Services increasing over the past two years. That is in part because retention has been much higher, and traditional levels of outflow have not materialised. As we think about the current cost of living pressures and what pay awards the public sector will see—through the process of the Armed Forces' Pay Review Body, which will report later this year—how well the remuneration offer here matches opportunities outside as that covid effect detunes is something we are very alive to.

Of course, as you say, Chair, it is not just about the pay dimension. We are just announcing the start of a broader review of Armed Forces incentivisation, under the chairmanship of Rick Haythornthwaite.

Q163 **Chair:** That is good to hear. We speak about operations all the time; kit and stuff, we spend a lot of time on that, but on average personnel spend more time with their family, back in their unit. Perhaps the standard of our barracks is a factor. I know we are seeing improvements—Larkhill is a great example—but still, accommodation across all three Services needs to be vastly improved, which again comes back to money.

I am conscious we are running over time, so this is my final question. It is to do with two aspects of climate change. First, are you concerned? Are any studies being done about the impact of climate change on UK security interests? We are going to see parts of the world become uninhabitable and migrant movements that will make what is going on in Dover a bit of a joke—they will be biblical. It will affect economies and challenge insecure nations; we will probably see populist leaders being elected. Those are big changes in the next few decades. Are we looking ahead at that at all?

**Air Marshal Knighton:** The short answer is yes. The most recent "Global Strategic Trends" document will be updated to cover aspects of that. It seems pretty clear that the impact of climate change will be to increase levels of instability and potentially result in mass migration in the way you describe and challenges and competition around resources.

The other thing from a Military perspective is that Military equipment needs different levels of capability in a hotter environment. Electro-optic sensors work less well in hot atmospheres; some ships work less well in higher sea temperatures. Climate change has an important impact on us both in terms of the security environment, but also in the Military capability that we will need to develop over the next two or three decades.

Q164 **Chair:** Is it possible for you to share any of those thoughts? We are doing



## HOUSE OF COMMONS

a study on this. You could include the melting of the ice cap at the north pole, which will provide another dimension, particularly from Russia and China, in the patrolling of the seas, which will have an impact on our Navy.

**Air Marshal Knighton:** I would be delighted to come back to the Committee and talk more fully about that.

Q165 **Chair:** The other aspect is that the MoD produces a lot of emissions. I think 50% of the UK central Government's emissions actually come from the MoD. How will you meet the Government's targets?

**Air Marshal Knighton:** The specific target is for the MoD to contribute to the net zero '50 target. There are three aspects to our plan. The two biggest elements of greenhouse gas emissions are from our estate and from operations, whether that is burning fuel in ships or aircraft or vehicles. Then the third component is how we might use our considerable estate to offset some of the carbon emissions that we will inevitably have to continue to put into the atmosphere because of the nature of our equipment.

We are working towards having an estate that is net zero by the early 2030s. Then over the next 20 or 30 years, as we develop new capabilities and bring them into service, we will consistently seek to reduce their impact, and make that contribution to the Government's net zero '50 target.

Q166 **Chair:** Thank you.

Finally, may I thank Sir Simon Bollom? Good luck in your retirement. We look forward to the memoirs, where you might contemplate on some of the issues that you've been looking at.

**Sir Simon Bollom:** I might do.

**Chair:** I also thank David Williams, Air Marshal Knighton and Charlie Pate.

**Mr Francois:** Sir Simon, you're not going to work for Capita, are you?  
[Laughter.]

**Chair:** Could I say a huge thank you to the MoD experts who have come here today? We have made it clear that we think we have entered a new era of insecurity, and if Britain is to play its role on the international stage and defend its interests, you're going to need a bigger defence budget. On that note, thank you to the Committee and all the staff.