



HOUSE OF COMMONS

Defence Committee

Oral evidence: Introductory session with the Defence Secretary, HC 52

Wednesday 15 November 2023

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Members present: Robert Courts (Chair); Sarah Atherton; Richard Drax; Mr Mark Francois; Mr Kevan Jones; Gavin Robinson; Derek Twigg.

Questions 1-90

Witnesses

I: Rt. Hon. Grant Shapps MP, Secretary of State for Defence; Lieutenant General Rob Magowan CB CBE, Deputy Chief of the Defence Staff (Financial and Military Capability); David Williams, Permanent Secretary, Ministry of Defence; Paul Wyatt, Director General of Security Policy, Ministry of Defence.



Examination of witnesses

Witnesses: Rt. Hon. Grant Shapps MP, Lieutenant General Rob Magowan, David Williams and Paul Wyatt.

Q1 Chair: Welcome to the Defence Committee's regular hearing with the Secretary of State for Defence, examining his work running the Ministry of Defence. May I take this opportunity to welcome the right hon. Grant Shapps to his post for his first session before this Committee? Secretary of State, welcome. We are looking forward to hearing from you today. Would you like to take a moment to introduce the people who are with you?

Grant Shapps: Yes—in fact, I will ask the team to introduce themselves, starting with the permanent under-secretary.

David Williams: I am David Williams, permanent under-secretary at the Ministry of Defence.

Lieutenant General Rob Magowan: I am Lieutenant General Rob Magowan, Deputy Chief of the Defence Staff for military capability.

Paul Wyatt: I am Paul Wyatt, DG Security Policy.

Q2 Chair: Thank you very much indeed for coming. I will kick off, and then hand over to my colleagues in due course.

Secretary of State, welcome to your post. You take the reins at a time of extraordinary global challenge. We have the rise, or rather the return, of mechanised industrial warfare on the continent of Europe, in the shape of Russia's invasion of Ukraine. We have rising tensions in the east. We have the horrifying events that have taken place in the Middle East recently. In the face of that, we need more space for our Armed Forces to train and investment in stockpiles, as well as in the new technology that will be required for the years ahead.

Against that, we see an increasingly challenging picture. We see cuts to the air mobility force and cuts coming to the fast jet force. We have questions over the replacement of stockpiles and over the Army. There are questions over warship readiness.

Secretary of State, against that challenging picture and with the operational ability that the Ministry of Defence has, is Defence fit for the challenges it faces?

Grant Shapps: Thank you very much for the welcome. It is a pleasure to be here for the first of my sessions with you.

I come into this as someone with a fresh pair of eyes to look across the defence estate. It is vast. We are spending this year, including on Ukraine, £53.5 billion. My job, with a defence budget that is increasing—for the first time in decades, it has been going up—is to make sure that we are spending the money in the right places, but also efficiently.

There are a series of decisions and options at every stage. The one thing I do have a lot of experience with is running large, complex, infrastructure-



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heavy Departments of state, so I will be using all that collective experience to try to ensure that we defend our own realm and are in a position to help our friends and allies around the world, but also focus heavily on the prosperity of this country and indeed the free world, which I think is underplayed in Defence. I think most people you ask understand that our job is broadly to stop us being invaded, but they would not understand the extent to which it supports hundreds of thousands of jobs, technologies, apprenticeships and livings in this country. I will be taking the broadest possible look at it.

I think it is fair to say that, two months into the job, I have learned a huge amount. I have done an exceptional amount of travelling, all the more so because of what has happened in the world since, in particular five weeks ago in the Middle East. I won't have all the details and answers, which is why I have brought my colleagues with me.

To your question whether we are able to defend ourselves and to play our part within the NATO alliance, I think the answer is yes. Are there capability gaps? Yes, there are. I will be completely blunt with you: if you ask me on almost any subject, my honest answer would be, "I'd like to have more of those," almost regardless of what it was—additional levels of security.

I have talked about the Government having a plan to get defence expenditure to 2.5%. We are probably at 2.3% or 2.4% with Ukraine expenditure at the moment. I have talked in the past about my desire to see 3%, because I think that in a much more contested world, there are many more dangers coming down the line. That is why, over time, we need to be prepared to put our money where our mouth is.

Q3 Chair: Thank you, Secretary of State. Let's take the example of the fast jet force as a key capability. In 2016, the RAF had over 130 Typhoons and 80 Tornados, plus the Lightning II F-35s coming on stream, with a total of 217 platforms. By 2023, that is down to 168, which is a 23% reduction in seven years. By 2025, that is scheduled to be 160 platforms, which is a 44% reduction since 2016.

Secretary of State, while we all understand the sheer capability of these aircraft, doesn't there come a point when, however good an aircraft is, it cannot be doing two things at once, and nor can the crews? Isn't there coming a point at which we have to match our resources and our ambition, either by increasing the resources or by taking down the ambition?

Grant Shapps: I will just say a couple of things before I hand over to Rob to fill in more detail. The one thing that I entirely recognise from my conversations with not just the RAF but actually, specifically, the US air force, is that one aircraft is not equal to another aircraft elsewhere. If you have a fifth-generation or, through GCAP, a sixth-generation aircraft, its capability may be not just a bit extra but double, triple or more, so I think we should be careful on the absolute numbers.



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We also need to think about the way aviation is changing. As a pilot myself, I have seen it directly, but also, because of the Ukraine war, we are seeing that with UAVs and UASs the way aviation is thought about has dramatically changed: it is not necessarily some person sitting in a cockpit somewhere. On numbers, as well as capabilities, I will turn to Rob.

Lieutenant General Rob Magowan: To build on what the Secretary of State has said, I think it is more complicated than counting platforms. There is no point in holding on to capabilities that are going to become obsolete; that is why we are phasing out Typhoon tranche 1. On F-35s, we have 25 now, building to 48 and then to 74. It is an exceptionally capable aircraft. Then, of course, we have GCAP coming in and Typhoon tranches 2 and 3 are being upgraded.

But I would rather talk about the capabilities that those aircraft actually prosecute. The lesson we are learning from Ukraine is that the most important conversation to have is, "What lethality do they have?" The lethality on those platforms is far in excess of what we have had in the past.

Q4 **Chair:** General, I totally accept that. No one is saying that you should be holding on to obsolete kit, and I understand the point about lethality. None the less, the point that I make remains: how do you deal with mass when you get attrition, which you will get in a peer conflict? There is only so much that any one platform can do, no matter how capable it is.

Lieutenant General Rob Magowan: This goes to the heart of the conversation that we are having in Defence right now, which is about the balance between mass and exquisite. We do not want to overlearn the lessons that we are learning from Ukraine, but as the Secretary of State said, we are seeing the use of mass uncrewed systems in Ukraine, which have a tremendous operational utility.

It depends on the effect that we want to have in the battlespace. Sometimes we will need exquisite capability. Those exquisite capabilities are going to be less, first because you do not need as many, and secondly because they are much more expensive than mass. All our analysis so far is that you need a mix of those. We think that now and into the future—particularly into the future, where we need more mass; there is no doubt about that—we will see more mass, but we will carry on with our exquisite capability as well. But that is a shortfall, yes.

Q5 **Chair:** Let me take air mobility as an example. We all know, and we have heard it before, that the A400, in theory—subject to the reliability issues, which are another matter—can fly further and carry more than the Hercules. None the less, there are fewer platforms, and therefore fewer task lines are available. Are you looking at increasing those in line with the Defence Command Paper ambition?

Lieutenant General Rob Magowan: We reserve the right to look at that. We are currently at 22. Could we go to 24, 25 or 26? There is a physical, industrial opportunity to do that, but clearly that is a conversation we will have with our Ministers and the Secretary of State about where that



balance will be over the next couple of years. We will have to wait and see.

Grant Shapps: I have been up in an A400 already, and I recognise the capability of that aircraft. Just to add to the conversation that you have just had, in each of these cases it is very easy to say, "This is brilliant—we should just have more of that thing." What we have to do, even within the context of NATO's second largest defence budget, is work out where the priorities are going to be. If we are to try to cover everything, we have to make those decisions, and there are opportunity costs in doing so.

Q6 Chair: Secretary of State, we all understand that to govern is to choose, and that prioritisation is the essence of your job, but RUSI has said that the Defence Command Paper refresh "doesn't deliver a genuine response to the war in Ukraine". This Committee was certainly hoping for a more substantive response in the refresh. General Barrons has said that this essentially means that we are hoping our enemies will "leave us alone until...2030". Would you agree with that?

Grant Shapps: I don't agree, actually. I have spent a lot of time in Ukraine now—even before becoming Defence Secretary, and I have visited again since. Certainly if you speak to the Ukrainians themselves, right up to and including President Zelensky, he says that not only has our support been pivotal, but it was the right support at the right time. That is not necessarily because we produced the most on mass—the Americans will always have greater mass—but because we have had flexible kit.

It has been about not just equipment but other forms of assistance that we have been able to bring to bear, particularly our decision-making ability, which is something that I think we should be proud of. That has been, bar no one, faster and more efficient, which has actually mattered in the theatre because it has then encouraged others to join us. We have spent significant amounts of time lobbying other countries to join, so we multiplied up what we have been able to bring.

I suspect that your question, as you suggested at the end, is really premised on the idea, "In which case, can we defend the homeland?" Particularly when it comes to gifting some of that equipment, in each case we have needed to run careful calculations to ensure that we do not leave ourselves undefended. I do not believe that we are, but of course that question is always on my mind. One of the reasons why it is so important to be such a proactive member of NATO is that it helps to provide some of that reassurance beyond our shores.

Chair: Secretary of State, thank you. Those are two of the greatest issues we will be covering today: can we continue the support to Ukraine, and can we adequately defend ourselves in the light of the strategic challenges we face? We will get into that detail now.

Q7 Mr Francois: Very quickly, Secretary of State: we have 137 Typhoons. In our aviation procurement report, "Winging it?", which we published on 10 September, we very strongly caution you against getting rid of those



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tranche 1 Typhoons. In our view, if you have only 137, it makes no sense at all to throw 25 away, particularly when they are at least as capable as a MiG-29 or an Su-27, or certainly the earlier variants. Why on earth, when we have so few combat aircraft as it is, do we want to throw 25 of them away? Surely it would be better to keep them, if only as war reserves, should we have to fight a peer-on-peer conflict. It is madness to throw away those Typhoons, particularly when it takes three years to build a new one.

Grant Shapps: I may hand over to Rob in a moment, but I just have a comment on aircraft maintenance and upkeep, which is a subject I know something about. They do cost money just to sit there. They are not free. They have to be maintained to a certain standard to make them flyable. That means that you are investing people, money and resources to do that. Again, you get into an opportunity cost situation, but Rob will give a more detailed response.

Lieutenant General Rob Magowan: There are three factors, and the Secretary of State has touched on one. They are performance, cost and time. The cost to maintain old aircraft is at a considerable level, and it is not just the tranche 1 Typhoons: that is why we are retiring other types of capability. On performance, you mentioned MiG-29. We could have a debate about comparing capabilities; again, it goes back to lethality and the intelligence capabilities on the aircraft, but our judgment is that it is not capable to fight in a modern battlespace. And the time to get those aircraft out of extended readiness into readiness and into the fight is such that the juice wasn't worth the squeeze.

Against that balance, it is more complicated than just counting aircraft from 138 or 137, as you say, to 107. Our judgment across those factors was that we should retire them.

Q8 **Mr Francois:** Your judgment is wrong. The F-35 is incredibly capable. It is also incredibly expensive not just to buy, but to fly. In fact, the Department will not publish the flying-hour cost of the F-35—unless, Secretary of State, you want to reverse that today, which we would welcome.

You have very few combat aircraft. The Russians have 3,500 of them. They are incredibly expensive, and it is not that much to maintain them. Of course there is a cost, but it is not ruinous at all. In the event of a war, you have to fight with what you've got. You can't build any more; you won't have time. So why give away a fifth of them? Forgive me, General, but your arguments are completely unconvincing.

Lieutenant General Rob Magowan: In a zero-sum financial game, with the money that we can recoup from retiring the tranche 1s we can ensure that the tranche 2s and 3s are upgraded. We are into a conversation about accelerating more F-35, which is a completely different capability. We can go into a closed session about how it is a step change in capability from a Typhoon. We also want to invest in airbreathing uncrewed capability, with lethality and with intelligence capability. Against that balance, and against



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the state-on-state threat we are seeing today, our judgment was that the money we could save is better placed in the areas I have just described.

Mr Francois: Well, if there is a cost to maintaining them, you could take some of that out of the billions you have wasted on Ajax, just for a start. Anyway, we will come back to that later.

Q9 **Chair:** Let's talk about the Army for a second. We have concentrated on the Air Force thus far, but the Army has had a £30 billion loss in budget since 2015. This is reflected in capability, is it not? We see 32 AS-90s that have been gifted to Ukraine being replaced by 14 Archers; the loss of Warrior; and only 148 Challenger 3s expected, at a time when mass is all-important. Secretary of State, what are you going to do to bring the Army back to parity?

Grant Shapps: To set the context again, I think everyone acknowledges that we have never spent more on our defence in recent years, and the proportion of our national GDP that we are spending on defence has been rising. We were teetering on 2%; we are up at 2.3% or 2.4%, so there has been a big recapitalisation. It is true to say that recapitalisation has come through other areas first, but the Army is line for some very, very significant upgrades. The figure—I might get the precise number wrong—is £243 billion in 10 years in capital equipment. It is a huge sum.

Some of these programmes roll out very significant numbers of pieces of equipment. For example, with Ajax there are 589 of those machines. As Mr Francois rightly says, the Ajax programme has been bedevilled with problems for a very long time, which is very well advertised. But it has come through that phase. I have now met people who have been practising on it for the last six months. They tell me that it is an absolutely superb vehicle now that they have got rid of the rumbles and all the other well-known problems. We will now roll out, I think, a dozen different versions, and it will be a very capable vehicle to have on the ground.¹

We are into this recapitalisation, and more new things are coming along. *[Interruption.]* £242 billion is the exact figure—thank you—over 10 years. This recapitalisation is going to be very helpful. You are right to say that some of these programmes have been bedevilled by problems, but I happened to join at a moment when Ajax in particular is about to come through. Again, over to you, Rob.

Lieutenant General Rob Magowan: It is absolutely as the Secretary of State said. I would say that when you look at the traditional domains of maritime, air and land in terms of the straight capitalisation programmes that we have been running over the last 10, 15 or 20 years, we would agree that the Army are third, just in straight time. We have seen considerable capitalisation in our shipbuilding strategy. We have seen that and we are now seeing the fruits of it within the air domain. And the areas that the Secretary of State mentioned, including Challenger 3, the whole

¹ There are six variants in the Ajax family; AJAX, ARES, ATHENA, APOLLO, ATLAS and ARGUS.



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Boxer pipeline, the mobile fires platform, LETacCIS, our land environment tactical CIS, some of which is on contract—I know Morpheus isn't, but Trinity is, which is important. That is coming through in this decade rather than the last decade.

Q10 **Chair:** Air defence?

Lieutenant General Rob Magowan: Absolutely. There is something going to the investment appraisals committee very shortly and we will go to the Secretary of State. Thickening our medium-range air defence system and improving its command-and-control capability, to go beyond what we currently have in the Falklands and to develop a contingent capability, through the Land Ceptor, with MBDA, is very much part of this programme. That is another key lesson from Ukraine.

I haven't had a chance to say this, but if I were allowed to say one thing in terms of where we must invest across all three domains, including the upgrading of Typhoon, it would be "integrated air and missile defence". We are absolutely bringing that into the Army programme.

Q11 **Chair:** I think on that we can all agree, General. The Army is being recapitalised. We have covered the concerns about mass for the Air Force. We have not touched on warship availability and the Navy yet. Doesn't it come down to this? We are in unprecedentedly challenging times. There is going to be a need for more money to be put into defence. Secretary of State, the challenge that will be put to you is that your predecessor left with a request to the Prime Minister for more money, but you have been put in to make do and mend with what there is. Will you be making the case to the Treasury for more money?

Grant Shapps: I have publicly in the past called for 3% and I don't resile from it at all. I think we need to spend more money on the defence of the realm—yes, absolutely. Fortunately, the Government's policy is also to spend more money on the defence of the realm, as 2.5% is our official policy—as you know, the wording is "as the economics allow". In fact, we have probably got a bit closer to it than most people thought we would as quickly as we have. We are already, as I say, this year—if you include Ukraine—at 2.3% to 2.4%. So we have made probably faster progress than was imagined likely.

But I am absolutely up front about it: I believe in spending money on defence. I don't believe in it because I am sat here as Defence Secretary. I said it a year in advance, when I couldn't possibly have known I was going to end up in this seat, because I think that these aren't things that you can leave to chance.

Q12 **Mr Jones:** Could you tell us what your top priorities are for each of the commands? On the Army, for example, the Chief of the General Staff has said that the British Army will be the most lethal in Europe, but it will take a decade to get there. Given the well-known capability gaps in the Army—let's start with the Army—how are you going to fill those gaps? In terms of the integrated review refresh, there is now a whole host of new commitments: AUKUS, the global combat air programme and other



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commitments. Does it not come down to the fact that it is budget over ambition? One of the jobs that you have to do, in my opinion, is prioritise, within those commands, what they need to do. That means cutting things, and—looking at the General—particularly the Army are never in favour of losing programmes, are they?

Grant Shapps: Let me start with my overall approach, and the General can speak to that as well. The first thing I want to say is that in my time in this role, and because of world events, I have a number of times had to go to the generals and say, "This has happened. I think we need to do that." SACEUR asked me whether we would provide a battalion to the Kosovo-Serbian border. I went to the generals and asked whether we could do it, and we did it and we were the first to come back and say we would. We had the availability—the ability—to do it.

When the Israel-Gaza situation broke out, I immediately wanted to check what military assets we could send to the region. As far as I can tell, we remain one of only two, perhaps three, nations to have done so. I was pleased to discover that we had available military assets to go there and to potentially provide humanitarian assistance, and specifically help with surveillance and monitoring, and—importantly and welcomed throughout the region in all my calls with all my opposite numbers throughout the Middle East—a significant element of deterrence from a wider conflict breaking out. My experience of our Armed Forces has been that when I have needed something so far, it has been there. You are absolutely right that—

Q13 **Mr Jones:** Can I just say, Secretary of State, that they will never say no to you? They never do.

Grant Shapps: They will say yes, but they will also say, "But these are the compromises you will be making. You're moving a ship from here to here"—

Mr Jones: Well, they won't even do that, in my experience.

Grant Shapps: I haven't found any of those to be unreasonable or unsustainable decisions to make. I have been, perhaps as a fresh pair of eyes, almost expecting there to be a series of reasons why we cannot do this, that and the other. Actually, that has not been the case at all, and I have been very impressed, with more in reserve on each of these if we wanted.

But you are absolutely right about the need to make decisions. One of the greatest dangers, probably, for any Secretary of State is to put off difficult decisions. That is partly because we all have to come in front of you guys and answer—perfectly properly—why we are not putting more into whatever or why we have cut whatever, but it is irresponsible not to make those decisions when the time is right. That is not least because, as I have discovered, you can spend huge sums of money—in the hundreds of millions of pounds—keeping in the air, afloat and doubtless on the ground as well systems and platforms that are actually time-served and cost more to keep going than it would to move to the next thing. The AS90 guns are



probably a very good example of where there has been a significant amount of gifting, but actually we know we have something better coming along the line. Let me get a bit more specific by asking Rob.

Lieutenant General Rob Magowan: Thanks, Secretary of State. From my perspective of the operational level, there are four areas that we judge with the Army to need greater capability—again, lessons from Ukraine, but not exclusively so. The first one is lethality—the ability to strike with greater precision and at range. That includes, across all areas of the Armed Forces, just greater mass of munitions. That is the first area. We have already touched on the second area, which is thickening and modernising the ground-based air defence system, primarily but not exclusively based on the Land Ceptor capability—the medium range. We need a much more proficient way of dominating the electromagnetic battle space, either protecting or prosecuting effect in those spaces. Finally, there are uncrewed systems, and again, we have touched on that. Underpinning all that is a series of joint enablers to ensure that we get that capability out of the door and sustain it.

Of course, the question is: how are you going to pay for all of that? That is what I do every day and what I advise the people on my right. That is part of a balance of investment conversation. We judge we need that, and what decisions will we make or what advice will we provide to the Secretary of State on decisions that he can make against how we might have to trade if we get no more money? Clearly, we work on that every day.

Q14 Mr Jones: No, but you have the issue that the Secretary of State said the defence budget has increased, but it hasn't really, has it, in terms of the availability and the revenue budget? It is basically a lot of capital. Even within that, as the Chief of the General Staff told us, the Army, for example, will have huge capability gaps for the next decade. They are vulnerabilities now. In terms of making decisions on programmes, we talked earlier about the F-35, and we are still fixated on the 148 F-35s that we were going to procure. There is no way that we will ever be able to afford 148, so why aren't decisions being taken to cancel things and say, "This is a realistic way forward"?

You are now actually increasing the demands on the budget by, again, buying off the shelf, such as the latest Chinook decision—I know the previous Secretary of State wasn't happy with that, but no doubt it will be pushed by your desk, Secretary of State, now you're new in the role. That is going to cost a lot in terms of foreign exchange. Overburdening our defence budget with dollar purchases is having a hugely destabilising effect.

At the end of the day, things like Ajax might be a good piece of kit, but it is not a pretty story. You are just about to head into the next one with Challenger 3. We were told that the prototypes would be ready by Christmas, but I can tell you now that they will not be ready by Christmas. I know that for sure from talking to people. It is this optimism that we have every time: things will always get better the following day, and they never do. It just kicks the can down the road. What is really needed is



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some serious decisions, in terms of saying, “We’re not going to do this; we’re going to do that”, which is not in your DNA in the military, because you like to keep hold of the things you’ve already got.

Grant Shapps: I have just come from the Defence Suppliers Forum Main this morning. This is the sector: the primes, the mids, the SMEs. I have been talking to them about the way they procure things. Coming into this, I recognise a lot of what you have said, both in terms of the way that we go about procuring things, where there is a change to what is required throughout procurement—a way that becomes very unmanageable when someone comes along and says, “Will this be even better if it’s a bit more exquisite, like this, and if we just add a heavier gun?”, or whatever the thing is, and then it turns out to be heavier, and the whole thing rattles, and on and on it goes. I can see how that is a problem, so I have been working with DS&E—

David Williams: DE&S.

Grant Shapps: Sorry, wrong initials: DE&S—Andy, I should say.

Mr Jones: You’ll get the acronyms eventually—you’ll get used to it.

Grant Shapps: Thank you, yes—eventually. I have been working with DE&S to think about what is actually a better way of doing the procurement. How can we make that actually work in a way that we can get it into being? Maybe it will not be 100% perfect—all-singing, all-dancing—but we can spiral it afterwards and get it working. How do we put pressure on the system, both in terms of the demand signals that we send them and the competitiveness in the marketplace, so that they start to deliver stuff on time, to the date it was requested?

Q15 **Mr Jones:** Well, you need to take the military out of the decision-making process once you have ordered it.

Grant Shapps: In fairness, I think it is them and it is us, though, from what I am seeing. My background is in running difficult, complex infrastructure budgets; I know that if you want to get this stuff on time, you have to really pay attention and not just order it and then leave it out there, waiting for them to tell you it’s ready. The issues you have raised of over-optimism and over-specing and then re-specing are all things I recognise entirely.

There are now some good plans in place to change the way that we procure. I want a different relationship with the supply chain, which is why I had the Defence Suppliers Forum this morning. I want them to be a lot more up front about these things, and, if I may, I also want to say to the generals, “We will spec this. We are not going to go through this process of adding on this additional exquisite function here, here and here.” Those are the things that destroy the programmes over time. That is just my initial take on it.

Mr Jones: Good luck!



Grant Shapps: Thank you.

Lieutenant General Rob Magowan: I would make three points. First, the capability is increasing all the time. The upgrade to the Apache is well in train; it is almost complete. We have 36 fitted out with 14 more to go. Ajax has had a hard time, but it is now coming in and we will see meaningful capability starting to develop in 2024 through to 2025. We will see the infantry fighting vehicle coming through in the next year or two. As every month passes, our capabilities increase—that would be my first point.

Secondly, I absolutely support what the CGS said, but we should just keep this in context. Against primarily 1970s—sometimes 1960s, 1980s or 1990s—technology gifted to the Ukrainians, they are holding the Russian army at bay in Ukraine. That is our pacing threat in Europe: Russia. I accept that they have strategic capabilities, but in terms of their land capability, not only are they fighting and holding the Russians at bay quite comfortably, although it will not feel like that on the frontline, but they are doing it as a single nation with significant support. We would be fighting as part of a coalition of up to 31, 32 member states, so I think we should keep it in context.

As for my third point, I saw Mr Francois nodding at your point about cutting things, but may I ask you, what would you cut from the British Army?

Mr Jones: Well, I think you would need to look at things like Watchkeeper, which is a complete disaster, in terms of what is needed today. I would look at exactly what you need to do, which the CGS talked about the other day. In terms of providing that divisional headquarters to NATO, which I think is the right thing, we need to decide with our NATO partners what we will be providing in detail, instead of trying to do everything. The idea I learned of the other day that you are apparently extending Snatch Land Rovers until 2030 is incredible. For things like these programmes, if you do not actually then say what they are going to be used for, like the Chinook decision, for example—God knows what you are going to be doing with 63 of those—

Lieutenant General Rob Magowan: Fifty-five.²

Mr Jones: Is it 55? Well, what the hell are you going to do with 55 of them? That is the problem, you see. Then you have the medium-lift helicopter, with the gap that is there. It is these decisions you need to take sometimes. If you are talking about Ukraine in terms of their agile use of things, you will never do that, because you will never give anything up, and the Army is the worst one for it.

Mr Francois: Can I have a go at this? Scrap Morpheus and completely start again. The programme is a total disaster. The IOC is classified, but we know that it is in the next decade. That is the first thing. On the

² The correct figure is 51.



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Challenger 3 upgrade, you are trying to put a new turret and a bigger gun on an armoured vehicle. That is exactly what you did on Ajax, and it was an unmitigated disaster. You have learned nothing. Now you are trying to do it on Challenger 3 for reasons of national pride. I would do something else—there is just two for starters.

Watchkeeper is very good, but it is years late and still is not properly into service. It is effectively obsolete, highly vulnerable now to Russian anti-air equipment, and you spent nearly half a billion pounds on it. There are three examples for starters. If you have more time, we can give you some others.

Lieutenant General Rob Magowan: We can have a debate about this all afternoon, if we wish.

Mr Francois: Hang on, wait a minute. You asked the question, and you have just been given three answers.

Lieutenant General Rob Magowan: And I have taken notes.

Q16 **Mr Jones:** Challenger 3 can be done, but the worrying thing and the problem you have with it is that, as Mark just said, you are putting new technology on to an old vehicle. Is it capable of that? Yes, I think it is. But you know that you have very few Challengers that you can actually use—where you could put the keys in tomorrow and drive out the door. That will create a problem for the company doing it, because you are going to hold up the programme in terms of being able to supply the actual body frames to be upgraded. Two prototypes were supposed to be in by Christmas—that ain't gonna be met. You always have this optimism that these things are going to work out. With that, it is not that you can't do it, but it has delay written all over it, because some decisions that you took on Challenger in the past—in terms of mothballing a lot of them—are going to create problems.

Lieutenant General Rob Magowan: Against the three areas of Watchkeeper, Morpheus and Challenger 3, to give you reassurance—there is only so much we can say here, because we are in the middle of planning—we are looking at a range of options for a tactical CIS, which could come in faster than we have planned. No decisions have been made. We have not yet briefed our Ministers on that, although they are very closely involved, so we are very much part of that.

Watchkeeper is an incredible capability. To your point, Mr Francois, about it being shot down—one of its strengths is its incredible stand-off capability, and all the drones we are seeing in Ukraine do not have that stand-off capability. I am not suggesting, therefore, that it is Watchkeeper and nothing else. It will be a mix of capabilities depending on what you want to do with that particular drone.

Mr Jones: They can't fly in bad weather.

Mr Francois: Yes, they can't fly in bad weather.



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Lieutenant General Rob Magowan: No—the capability is not what it was. The poor starts, the ditching in the sea, has been overcome. This happens often in new capabilities. I’m not saying that it is Watchkeeper and nothing else; there may be a mix, and we may need to increase or decrease. We are looking at uncrewed and are about to launch our uncrewed strategy.

Q17 **Mr Francois:** On Watchkeeper, how many have you lost already?

Lieutenant General Rob Magowan: I don’t know the exact number.

Q18 **Mr Francois:** You have lost seven, and it is not even in service. How late is it?

Lieutenant General Rob Magowan: Yes, it is late.

Q19 **Mr Francois:** How many years late is it?

Lieutenant General Rob Magowan: I don’t know how many years late it is.

Q20 **Mr Francois:** About six or seven years late?

Lieutenant General Rob Magowan: We have used it—I have used it personally, in Helmand. It is a capability.

Grant Shapps: On the Chinooks, for the record, I have not taken the decision on the 47(ER), so we are not necessarily getting those. The point you make is on the additional ones, but we have to weigh up the cost of exiting a contract as well as going into one. I have discussed the issue with Lloyd Austin.

Derek Twigg: But that comes back to the issue of putting it all in one basket. Get the specification and get the procurement right.

Q21 **Mr Jones:** And like the former Secretary of State, you’ll get a lot of pressure from the Americans to buy it. What are you going to do with 55 Chinooks?

Grant Shapps: I think it is fair to say—

Mr Jones: Have you got an answer to that?

Chair: Let’s have General Magowan answer that question first, then the Secretary of State.

Lieutenant General Rob Magowan: There is a range of arguments here. The extended range is required for our special user. Without that capability, we will be unable to prosecute the targets we need to against the adversarial threat. If we wish to prosecute the targets against Government policy today, our operational judgment is that you need that capability. That is the first point on the 14 extended range. Our analysis is that we need that volume of heavy lift helicopters, in addition to the medium—in addition to the NMH—and that 14 will allow us to retire the oldest 14. With anything below that number, we believe we cannot deliver our operational outputs.



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Q22 **Mr Jones:** But you're not going to be able to afford the medium lift—

Lieutenant General Rob Magowan: We can afford the medium lift.

Q23 **Mr Jones:** I don't think you can, to be honest. If you look again at the Chinook order, there is not a single job being created in this country from it, is there?

Grant Shapps: Look, on the Chinook specifically, that decision is pending. To make a slightly wider point—

Mr Jones: You won't be able to cancel it, I'll tell you that, Secretary of State.

Grant Shapps: We will see. It depends what the cancellation costs are, doesn't it?

To return to the wider point I wanted to make, Mr Francois made the point very accurately before about the number of airframes that are flying and made the comparison between the UK and Russia, but of course the comparison on a lot of kit is between NATO and an adversary. Interestingly, I don't think the French have much, if any, heavy lift, but because we share capabilities, there are times when we can do things or they can. That is where we have to make a balanced judgment overall.

Q24 **Chair:** Secretary of State, thank you. General, you rightly said that Russia is the pacing threat. Something I am interested in, and which I hope you can help us with, is that when we are discussing this idea of matching up capability with resources, ultimately it comes down to how much risk you and the nation are prepared to carry. To what extent has your risk calculation changed as a result of Ukraine, the Middle East and China?

Lieutenant General Rob Magowan: It has been a step change. I think I have said to the Committee before that we took risk on warfighting capability at the last review, and the lessons we have learned from Ukraine and from the increasing threat of state-on-state conflict means that we judge that the sorts of thing that we took risk on before, we cannot take risks on any more. Those are the things we have just been talking about, particularly lethality.

Let me say two things to address that: one is increasing lethality through increasing munitions; the second—this is a key lesson—is increasing the resilience of our industrial base. What we are learning is that if we are going to warfight against a peer as part of the NATO alliance, we are going to rely on our industrial base to sustain those operations. That is why we have to ensure that UK industry has the confidence that we are in this for the long haul.

Q25 **Chair:** That is an industrial base in which NATO partners are all drawing from largely the same suppliers, isn't it? To what extent can you rely on NATO, given that ultimately we are all fishing in the same supply chain pond?



Lieutenant General Rob Magowan: That is why we have just agreed, through Vilnius, to an allied defence industrial plan with NATO. Andy Start, our national armaments director, is leading that work on behalf of the permanent secretary. Working closely with our allies to make sure that we do not have fratricide across the industrial base, particularly in some of these key-point supply chains, is very important, but we are not losing sight of investing in UK industry. We have plenty of examples of where we have invested in UK industry, and we continue to do that. That is a step change in what we have said—before Ukraine.

Q26 **Mr Jones:** I am sorry but you are not doing that, because if you look at the stuff you have bought in the last five years—Apache, Poseidon, Wedgetail, and you now have the Chinook thing—it is all off the shelf. Not a single long-term job has been created in the UK, so there is no industrial strategy beyond that at all.

Lieutenant General Rob Magowan: If you take lethality, as you know, there are three major companies in the world associated with lethality. One of them we have in this country—MBDA. We have committed, and continue to commit, to a long-term strategy with regard to MBDA. The other two, as you know, are Raytheon and Lockheed Martin, and the negotiations we are having with Raytheon and Lockheed Martin today are that we are not going to get away from some of those capabilities that we need from those companies, but it is about them physically investing in the United Kingdom. That is the strategy we are taking through from now, so we are moving off FMS to invest in the UK.

Q27 **Mr Jones:** I am sorry, General, but you're wrong. You are not doing that, because whatever you were doing for things like Poseidon and so on, they were Government-to-Government contracts, and whatever you hear Boeing tell you, there is not long-term investment in UK capability.

Lieutenant General Rob Magowan: This is pre-Ukraine. Poseidon was pre-Ukraine.

Mr Jones: I know, but you have the legacy of that, and added to that is that fact that you have bought them all in dollars. Okay, it might mean that yourself and others get to America a few times and visit some of these places, but the real fact is that is another burden on the defence budget because of the volatility of the exchange rate.

Grant Shapps: May I address this? This is why I met with the Defence Suppliers Forum this morning. I do recognise some of what you are saying. Often you are making a decision between buying equipment which is off the shelf and therefore perhaps less expensive because the development costs have all been done, or trying to both start and then export a defence capacity from the UK.

If you are asking my view on this, Mr Jones, I think that we should be thinking about the way that we procure things from the UK, with the ability to export them. Oftentimes, our own market is not of sufficient size to both develop and use an item—we would rightly be in front of this Committee and others, being asked why we spent such exorbitant sums, if



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we only ever bought the numbers required for UK defence only. But where we can build that industry and then export them, that is a very different story. That was actually a large part of the defence forum discussion this morning: how we export the things that we make.

I am attracted to your argument that we shouldn't just be going elsewhere and buying off the shelf because the Treasury says that is the cheapest thing to do. What is the social content of it? How do we get our skill base? How do we export it? I feel several other Select Committee reports coming forward and being waved in my face, but I recognise all those things and I am proactively trying to do things with it.

Q28 Mr Jones: May I suggest you read Philip Dunne's excellent report written a few years ago. The fact that it has never been implemented by the Department is—

Chair: Yes, I would endorse that. That is a homework read, Secretary of State.

Grant Shapps: I have many excellent reports in front of me from members of this Select Committee—I have a couple here by Mr Francois—and I will add Philip Dunne's to my reading list.

Q29 Chair: It is well worth it. Can I move on and ask you about the "campaigning mindset" that we read about and what exactly that really means? The idea is to double the effect that defence has in the world by 2030, but with the same resources. Is this real, or just aspirational management-speak? How will you get the rest of the Government to come along with you?

Grant Shapps: That is actually one of the first questions I asked as I walked through the door, and I met all the individual campaigns. As a reminder, this is the concept that you need to bring together all the different parts of Government, but also all the different parts of the military, when you are thinking about a particular problem or, indeed, a region. Campaigning is a way to try to focus the resources through a small team to work more effectively on that problem or on that region. I have been reasonably impressed by them, although in one case I had some quite searching questions about whether that particular campaign was set up in the best possible way to deliver. This question might be one for you, David.

David Williams: Let me come in and then possibly Mr Wyatt, who leads the campaigns, may want to come in. First, Chair, I think you are eliding two points. There is a point around the campaigning mindset, which the Secretary of State has touched on, and then there is a separate focus about productivity, and increasing the output from the frontline, which is the challenge from Admiral Radakin, Chief of the Defence Staff, about how we double our outputs over the rest of the decade. That is not specifically linked to a campaigning mindset, although it is a longer-term focus.

On the campaigning piece, you will appreciate that the Armed Forces and the Department are pretty good in a crisis. There is something for me in



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the campaigning mindset about taking a longer-term view, so we are not simply thinking about Ukraine this winter or next spring, but what it looks like in three years, 10 years and so on.

There is definitely something about not simply taking a geographical view of campaigns. If we are interested in Russian influence, it is not only about the war in Ukraine, but the presence of Wagner or other private military companies in Africa. What are the links into the Middle East relationships? We have seen the Russian Pacific fleet on exercises this week. It is about thinking thematically rather than geographically. It is about how we bring to bear the full range of levers within the Department, within the Armed Forces and, indeed, as a docking point across Government. If you think about the response to Russia-Ukraine, it is not just about military support: it is about diplomatic efforts and economic sanctions. It is taking that broader view.

The doubling the outputs piece is the work we are getting after through a programme called increasing defence outputs. I need to pick on some of the conversation so far. We have started by looking at Typhoon availability and output, looking at Challenger 2 availability, including to manage the transition into Challenger 3. How do we maintain our frontline commitments while supporting that upgrade programme? The Navy is looking at the transition into Type 31.

The Secretary of State has already touched on this point. In a world where you are making capability choices against a budget, being clear that you are being productive, not only in the back office but in the way in which you are generating and supporting frontline capability, thinking about the availability of our platforms, as well as lethality sustainability, is a really important way to ensure that we are getting the full value for that £53 billion of taxpayers' money that we spend each year.

Chair: Thank you. Unless there is anything else on that, we will move on to Derek Twigg.

Q30 **Derek Twigg:** Can we go on to military commitments? If you take what is going on in the war in Ukraine, the Indo-Pacific tilt, problems in Washington of political impasse and financial constraints on the budget, and now the Middle East—not just Israel and Hamas but the wider Middle East—are we able to meet all the operational challenges that may be before us at the moment? Have you had a chance, as the new broom coming in, to look at that? I am interested to know your thoughts on the operational challenge and whether we can meet it, given the current resources.

Grant Shapps: Overall, I have been reasonably impressed, as I said before, because if you look at the list of things, or the ways we have done things, and the equipment we have supplied to Ukraine, it is clear that we have been the leading light on that, not only through our gifting but through the way we encouraged other people to get involved. We have been able to do that in a combination of ways. That is from NLAWS, which were gifted beforehand, to the training which has now hit 50,000 overall,



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since before the war started, and 30,000 since the war started, involving numerous other countries. We were first with tanks and long-range missiles, and those things have had an impact.

When it comes to the Ukrainian—European—theatre, we have been able to make a significant difference. In fact, President Zelensky told me, when I visited soon after I got this job, that in the Ukrainian estimation, had it not been for Britain, they would not have lasted more than a few weeks. I take that part of it from him. Can we sustain that at this level?

Q31 Derek Twigg: And with the other military requirements? We are already having problems with munition stockpiles, but that is just one element.

Grant Shapps: There is a stockpile issue, which the world is seeing, partly because, as the Chair said, everybody is buying from the same sources, and there is a genuine shortage as capacity to increase. There is also the political issue in Washington that you mentioned. It is clear to me—I have been having these conversations with our Ukrainian friends—that part of the solution lies in the wider issues, such as restarting the Ukrainian economy so that they can buy some of their own replenishment. Some of that comes through actions that we are seeing now.

Q32 Derek Twigg: But can we sustain the operational commitments that are now before us?

Grant Shapps: Yes, I think we can, but only if we do this more smartly and strategically. For example, the shipping that started in the Black Sea, in Crimea, has the potential to make a very significant difference, but that involves all sorts of other things, way beyond defence, to do with insurance premiums, political will and the strategy to get there. Britain's contribution is not one simply of military heft—the Americans will always be able to do much more—but also relates to your question about how you sustain a war in Europe while doing these other things. To do that, it cannot just be a relationship of gifting all the way.

Q33 Derek Twigg: Sorry to interrupt because of time. Would you say that we are at capacity now? If things escalate in the Middle East, could we step in further?

Grant Shapps: No, I don't think that is right. Regarding the Middle East, I said previously that I was pleased to discover, and we were able to enact, a number of changes to our stance to make sure that we brought a sense of security to the idea, which was clearly on all our minds right at the beginning, that this could quickly turn into a regional conflict. There is the deterrent idea, and there is still more that we can do, should we wish to, in the future.

Q34 Derek Twigg: So we have spare capacity?

Grant Shapps: Yes. On the Indo-Pacific, I was in Japan—in Tokyo—last week on the 2+2 with the then Foreign Secretary. We were discussing GCAP, which is a very important part of that tilt. The week before that, I had over here my Australian counterpart, the Defence Minister and Deputy Prime Minister Marles, and we were looking at the AUKUS deal and visiting



factories. Can we do these things? Yes, we can, but that is different from asking whether we could handle full-scale war in each area; in that case, we would be much more dependent on our partners in the NATO relationship.

Q35 Derek Twigg: Specifically on the Indo-Pacific tilt, our recent report noted that although the Government regards the tilt as now complete, we believe that the UK's strategy remains unclear and that the Government needs to set out explicitly the tilt's aims and how they will be achieved. Do you agree?

Grant Shapps: I read your 24 October report on the subject, in which you say, as you just pointed out, that the Government states that the tilt is complete. I looked for where we had said that, and we have not ever made that statement. I cannot find it written anywhere that the Government has said—certainly, I haven't said it, and I do not think it was said before me—that this is something you can just complete and get done.

The answer to the question is what has happened: we sent the carrier group in 2021; it is going back in 2025; I talked about AUKUS, which was not even a thing, and GCAP, which was not a thing before we got into this tilt; we have joined ASEAN as a dialogue partner; we have a reciprocal axis agreement, which I was talking about in Japan last week with our Japanese friends and colleagues; and there are loads of other things—I will not list everything.

We have done a lot to tilt. Do I agree that it is complete? No, it will never be complete. We will always be thinking about ways to strengthen those relationships. I don't think it is a done deal. That line put words into our mouths. It is certainly nothing that I have said. I asked, "Has anyone ever said this? Is it written somewhere?", and we do not consider it complete.

Q36 Sarah Atherton: Welcome, Secretary of State. When your predecessor took up office, he said to the Navy, "Get what you have got working," he told the Air Force to fix the military flying training system and he told the Army to sort recruitment. Do you have any priorities for the services, or have they given you their priorities?

Grant Shapps: First of all, all of those things remain true. He would characterise the Navy as always wanting more, building more and being over budget. We have already discussed procurement. It has not suddenly been fixed because I have come in; I am afraid it will take quite a lot longer for the system—DE&S and everything else—to improve the approach. So, no, that has not been fixed. We can go through each of the services and pick where the weaknesses are, and I know you have done very good reports in each of the areas. I do not think this is one of those situations where a new Secretary of State comes in and suddenly the old problems are just resolved; they are not—it is part of a much longer process.

I will just touch on my approach, because the Chair mentioned it earlier. My predecessor may well have been seen as somebody who would fight in



public for the resources. That has not been my way of doing things as a Secretary of State in the past, but it has always been noticeable that the Departments I have gone to have done very well, thank you very much, with their infrastructure budgets, whether that has been Transport, Energy or anywhere else, while I have been there. So there are different ways to go about these things, but my determination to fight for the resources we need is absolutely clear.

So is my determination to make sure that the way we spend vast sums of taxpayers' money is far more efficient. I see a temptation, for example, to be perfectly happy to invest in very expensive systems when there are often much cheaper alternatives available to do all sorts of different things. For example, when I was up in a Chinook, I saw their version of electronic conspicuity, which was largely to look out the window. I know you can get something for £500 that will tell you about everything that is up there—try and get that through the procurement process; I bet it's a nightmare. I just think there are better ways of doing some of the things that we have been doing before.

Q37 Chair: Can you tell us, just so that we have it for the record, what your priorities are for each of the three commands? Just in a sentence, one, two, three.

Grant Shapps: In each case, to be prepared for the unknown would be my answer to that. If anything has been proven—not just in the last two years, when we would not have known about Ukraine, but in the last two months, when we would not have known about the Middle East—it is that you must be prepared for the thing that you least expect to happen. That is in addition to, and many times more complicated than, just looking at whatever it says on the page of the last defence review refresh and thinking that that is the solution for the next 10 years, or whatever notional headline you want to put on it. What I like to see—I am impressed when I see it—is that sort of can-do flexibility. We did not have a way of attaching Storm Shadows to aircraft that had never been invented to carry them in Ukraine but, working with our colleagues, we invented ways to do it. That is the kind of can-do attitude I would look for from all the services.

Q38 Mr Jones: Going back to Ukraine, one of the last acts of your predecessor was to ask the Prime Minister for £2.3 billion in extra support for Ukraine. Can we keep that support up and at the same time recapitalise the equipment that we have gifted, for example?

Grant Shapps: We have more money to replenish. We have a very large capitalisation programme. For two years we have kept up the £2.3 billion. I am a bit conscious that there is an autumn statement next week, so I will not go too far on this, but our commitment to Ukraine, as the Prime Minister said in his speech in October, is not for the short term. We were there from the beginning—in fact, before the beginning—and we will be there all the way through to the end. And that commitment goes beyond funding; it is also about thinking about our political engagement and relationship, our social, economic and legal frameworks, and much else.



Q39 Mr Jones: I accept all that. I do not doubt the commitment to Ukraine, but it was convenient, frankly, for the Army to give away a lot of equipment that had been sitting around for a long time doing nothing. Your predecessor was very good at clearing out the old equipment to get some new money from the Treasury. When I was in the Department, it was through the use of urgent operational requirements; what could be classed as urgent operational requirements was expanded to a great degree. That has left gaps in the Army in particular. Are you satisfied that that commitment is there, going forward? Secondly, in terms of what else we actually support the Ukraine with, will it be just ammunition or something else?

Grant Shapps: I have been to two Ukraine contact groups—there are 50 countries who are all supporting Ukraine—and, each time I have gone along, having heard that everyone has run out of things to gift, lo and behold, a whole load of gifting has gone on. We have not, as I occasionally read, run out of things that we can gift, but it is the case, as I was saying before, that we have to shift to procurement being done in a different way. First of all, this is now a war that has been running a long time; it is not a war that is about to finish tomorrow, so the Ukrainian economy will need to be capable of some of this purchase. Secondly, Britain has a unique role in replenishment through things like the International Fund for Ukraine—the IFU—which we started and which other countries have been contributing to. Those are now starting to deliver—those contracts took a while—so they are starting to get fresh kit.

Q40 Mr Jones: I accept all that, but there is not much we can give in terms of equipment, unless, perhaps, you give them the Snatch Land Rovers to get rid of them from your stores or wherever they are. There is not a great deal more we can give that's there without actually eroding our capabilities. You got rid of most of the rubbish you wanted to get rid of.

Grant Shapps: It is true to say that most of the items—the bulk of the gifting—happened very quickly, but through our investment internationally in things like the IFU, we are now seeing the contracts actually delivering the things they need: the air defences and the munitions they require, for example. If your argument is that the type of gifting is changing, then, yes, I agree—we do have some other things, and I agree with the broad shape of what you're saying. But is that gifting going to come to an end? The answer is no, because, even right now, we are gifting things that we have not been able to gift before, because they are brand-new, just built and coming through those funds.

David Williams: To illustrate the Secretary of State's point, the gifting of equipment really falls into three buckets: stuff that we had in our inventory that we have handed over, some of which was going out of service but some of which we are absolutely replenishing, because we want it back in our own stocks; contracts for new-build supplies, including munitions that the Secretary of State says are coming online; and we are also sourcing internationally from other partners and donating equipment with their support. The blend of the source and nature of the gifting will



change, but our assumption is that it will carry on at broadly the same level.

Lieutenant General Rob Magowan: On operational risk, I agree that, in certain areas, we have gifted some pretty capable things, like Storm Shadow, AS90 and Challenger 2. What we have done is shifted operational risk, to a degree, out of Ukraine and into the United Kingdom. In the current strategic context, as a military person, I feel relatively comfortable with that. The Ukrainian Armed Forces are facing the Russians; it is all about a balance of operational risk, and I think that we have got that risk balance right.

That does not mean that we are not now responding to the additional risk that we have in our own inventory; we are and, as you know, we signed a half-a-billion pound contract with BAE earlier this year to increase their production capacity for 155. We are absolutely investing in Thales and we are investing in MBDA in terms of lethality, so we are getting after some of this risk while we are meeting our requirements in terms of what Ukraine needs on a daily basis.

Q41 **Mr Jones:** I accept all that, but a lot of the equipment was obsolete and you were going to give it anyway—things like Mastiff and other things. You gifted Challenger 2, and that has left us short, hasn't it? You have less than 40 Challengers, haven't you?

Lieutenant General Rob Magowan: We actually have 217 Challenger 2s.³

Mr Jones: You have, but not that you can put the keys in, start and drive off the forecourt.

Lieutenant General Rob Magowan: You know that I can't give the number here.

Mr Jones: It's about 40, though, isn't it?

Lieutenant General Rob Magowan: We can have a closed session on how many are going to be operationally capable.

Q42 **Mr Jones:** That is the effect it has had, which is why at the time some people in the Army were concerned about gifting the 14.

Mr Francois: Including the Chief of the General Staff.

Lieutenant General Rob Magowan: I have explained that. They are the decisions we have to make against the balance of operational risk.

Q43 **Mr Jones:** They are, but it has then led to a situation whereby you've got a capability gap, haven't you?

Lieutenant General Rob Magowan: And that is why we are meeting it. To go back to my point about industrial capacity and industrial resilience, that is what we are getting after now, because we are now putting

³ The correct figure is 213.



ourselves in a position in which we can warfight in the future, and that is how we are responding with industry. This situation has, unfortunately, given us that opportunity.

Grant Shapps: The place where I can help with the bigger replenishment and assistance to Ukraine—particularly the assistance part—is the politics and diplomacy part of it, where we work with our partners. I recently had a conversation with a country that is not yet involved in the international fund, and I believe it will now come on board. It is British leadership that enables us to do those things. They have seen that we have been the most effective forward-leaning country, and they come to us to ask us what they can do to help with their own resources. A lot of our role, and probably increasingly so, is to help to bring together the funds to help Ukraine with the fight.

Chair: Thank you. Let us move on to a different topic, on which Sarah Atherton will take us forward.

Q44 **Sarah Atherton:** The MoD declares that its finest asset is its people, but you have inherited a very demoralised workforce, Secretary of State, with service personnel's satisfaction with service life having degraded to its lowest level, at 41%. Moreover, 33% feel that their service is not valued. What do you plan to do about that?

Grant Shapps: I am very concerned about this, because one of our biggest challenges is to keep people in the armed services, and if people are demoralised, they will not stay. I think housing is a massive part of it. I saw the stories last winter of cold, damp, leaky properties. One of the first questions I asked when I walked through the door was, "What can we do and what are we doing about it?" We have this £400 million fund, but it is not just about money: it is also about the way the contracts are run. For example, there were reports last year of 12 weeks between the report of a problem—a leaky roof or something—and it getting fixed. It is about getting on top of those problems. If we are asking people to serve us, and sometimes even to fight abroad, people ought to be able to be comfortable at home. That is part of the mix of making sure that our Armed Forces feel valued.

I appreciate that this will seem a lot more long term, but to give you a good example, another thing is the care of people who have been in the Armed Forces in the past. Why go into it if you are disrespected afterwards or you are going to have difficulty getting into civilian society? We had a discussion yesterday at Cabinet about the Armed Forces Covenant, which is something on which I have personally spent a lot of time in my constituency, where a lot of companies signed up to the Armed Forces Covenant—mine was the most Armed Forces Covenant-businessed constituency in the country at one point.

I think we can go further on that. For example, at the moment, the Armed Forces Covenant is not recognised by central Government and our arm's length bodies.⁴ I cannot think of any very good reasons for that: we



encourage businesses to join up, and even local authorities. There is more we can do to put the prestige and comfort of people who put themselves forward for the service of this country on to a better footing. I am always interested in further ideas, so I have been reading some of the past reports from Committee members on things like retention—I have one here—and looking for the best ideas.

Mr Francois: Is that “Stick or Twist?”

Grant Shapps: Yes.

Q45 **Sarah Atherton:** On recruitment and retention, you are losing seven trained, experienced, qualified personnel and recruiting five. That is unsustainable—it is a drop of 3.5%—and the Reserves are worse. What do you do about recruitment? You are either actively not really recruiting as we think you are, or your recruitment programme is not working.

Grant Shapps: There are two parts to this. We have touched on the first thing, which is the level of morale, terms and conditions, prestige in the job or afterwards, and that sort of thing. The other part of it is the same pressures that face a lot of the economy. We have unemployment of around 3.8% in this country. There is massive competition, and we have seen in many sectors people being trained and then poached to other areas. That is one reason why it is good to see the inflation rate falling today, because it is one of the things that is pulling people off in other directions.

We have to make sure that people have a future. There are so many answers to this, but someone’s future career path is going to be hugely important to retention. If you come into the armed services and pick up a skill, and then a commercial company says, “Actually, we can pay you 50% more for doing not just the same job, but a job where you will get to go home and see your family in the evening, and you will not have all this,” those are proper competitive pressures. I am really interested in perhaps even the softer areas that make people say, “Well, that is all very well, but I won’t get these life opportunities by going and working for that business, which is competing with us in the marketplace.”

I do not think the pressures we are facing are much different from those in many other sectors. I think this can be partly resolved by the way that people think about defence in the first place, to the recruitment point. One of the things that I most dislike is people thinking that going into defence, whether that is in manufacturing or serving, is somehow the equivalent of going and working for a company selling cigarettes or something—somehow slightly bad because it is about the military and about hurting people. I see defence as exactly the opposite—this is really the ESG point that has been raised a lot. You cannot say to the Ukrainian kid who came to live with us for a year with their family, whose flat just across the road from a nursery school suffered a bombing, that there is anything immoral

⁴ At the moment the Armed Forces Covenant is not signed by central Government and our Arm’s Length Bodies.



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at all about being in the defence sector, where you create things or build things, or where you are serving somewhere, preventing the likes of Putin from going after citizens like that—going after children. So it is the moral thing to be in this sector as well.

That was a slightly long way of saying that I think we have to change the way that some people view defence. We must make it clear that, when you go into defence, it is an incredibly moral place to be—you are defending freedoms and will therefore be looked up to by the rest of society. There is a lot of reframing about the way that people think about jobs in defence and serving in defence for those who perhaps do not have military backgrounds.

Q46 Sarah Atherton: We all appreciate that the commercial civilian world is also having these pressures, but in the MoD we now have 73 pinch-point professions, including engineers, Royal Marines and chefs. We need these people for readiness, operational efficiency and effectiveness, and our warfighting capabilities. We need them to defend the nation. There should be a sprint on recruitment and retention. My question to you is, how far advanced are you with implementing the recommendations of the Haythornthwaite review?

Grant Shapps: First, as of September, there were 183 pinch points, of which 61 were assessed as having a significant or acute impact. That is the latest picture. On this side of things, it is probably best to talk to my colleagues.

David Williams: The pinch point situation has worsened in the last couple of years. As the Secretary of State said, there are issues here: inflow is not at the level we need, and outflow is too high. We published the Haythornthwaite review in the summer. It gives us a set of techniques and approaches to get after.

Thinking about the focus on new routes in, including lateral entry, we are looking for an early sprint in that space, particularly for engineers, in all three services. The Secretary of State made a point about the occasional lure of jobs outside, and the Committee has been told about the zig-zag career of people coming in, serving for a while and then maybe doing something different or dropping down to be a reservist. How do we then bring people back into the Armed Forces? That is a second area of focus.

Pilots are beginning to get after some of those key recommendations. I am impatient for a more detailed implementation plan. That is coming and will be going to Ministers before the end of this calendar year. It is a top priority and a burning platform. We absolutely need to get after that.

We also need to think about the total reward package. This year we were able to agree, as we routinely do, the Armed Forces' Pay Review Body recommendation. This year it was at least not a pay settlement beginning with a 1 or a 2. Thinking through the balance between core pay and how you link pay to skills progression and about the balance and complexity of our allowance systems, the pension is actually not much of a draw.



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According to the AFCAS results, about 40% of service personnel are satisfied with their pension. It is a non-contributory defined benefit pension, one of the best in the world, but the fact is that we are not getting the pull-through on that.

Thinking about total reward and zig-zag careers, and really getting after other routes in, with a clear focus on those skills pinch points—that is where the Department is focusing early. But we have to get after it at pace.

Q47 Mr Francois: It is good that inflation is falling and that we have near record low unemployment, but you are recruiting people more slowly than they are leaving. As very skilled people leave, it often takes years to get even a mustard-keen recruit up to the level of the people walking out of the door in increasing numbers.

Some years ago, you outsourced Army recruitment to Capita—or, as it is affectionally known to this Committee, “Crapita”. It has been a disaster. The Public Accounts Committee called it a litany of failures. Based on that, you now have a thing called the Armed Forces Recruiting Programme, where, conceptually, you are going to outsource recruiting not just for the Army but for all three services. That has slipped by years, and now may not go live until 2026 or 2027. Why would you, conceptually, having seen total failure in Army recruitment, want to compound your mistake by outsourcing the Navy and RAF as well? How does that make any sense at all?

Grant Shapps: I will go on this first, although obviously it pre-dates my time. One of my concerns, as we have just been saying, is recruitment and retention. Finding the best way of making that work is the only thing that I care about. I do not care how it is done, but I want it to work effectively because that will solve a problem that we are all very concerned about. I will let others come in on this, but I just wanted to add to or reiterate everything that David said: my point is that we should make this a career that people want to follow in the first place—

Q48 Mr Francois: Sorry, Secretary of State—there is never enough time in these things. Apologies for cutting across you; it is nothing personal. You still have to recruit, right? The Chief of the General Staff told us last week that he is having to take 400 soldiers from the Army to reinforce the recruiting function because it is performing so poorly. We are paying Capita to do this and now we are throwing 400 people in on top.

Grant Shapps: I get the point entirely—

Q49 Mr Francois: Hang on. We are paying for that and get no rebate from Capita. Why on earth would we want to copy that model for the Navy and the Air Force, when it is palpably failing?

Grant Shapps: Look, I am not disagreeing with you. I am going to be looking very closely at this; that is the simple answer. I have just come into this situation. I want it to work and it needs to work for all of us.



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I have had experience in other areas such as the logistics sector—a smaller example, but none the less it was in danger of seizing up the country post covid as a result of a massively tight work force: not enough people coming in and too many people leaving. So there were similar problems. In that case, I came up with a 21-point plan. Everybody said the answer in that particular case was to issue visas. In the end, that was not the solution at all.

Q50 Mr Francois: Secretary of State, with respect, it has nothing to do with military recruitment.

Grant Shapps: It does, inasmuch as we had a very, very tight labour force. People were leaving too quickly—same problem—and there were not enough people interested in joining. We successfully implemented a programme that turned that around, and you don't now switch on the radio and hear about problems of logistic shortages, because, by and large, they have been resolved. I intend to do the same thing with the Armed Forces recruitment.

Q51 Mr Francois: To save time, are you going to review it?

Grant Shapps: As I say, I will keep looking at it very carefully. On the way we go about it, I don't have any particular preconceptions. I have no particular attachment to doing it one way or the other. I want to fix the problem.

Q52 Mr Jones: The real issue is not necessarily the mechanics of how you process the form and so on. The Chief of the Defence Staff has done the right thing in my opinion, because when Capita were given the contract, I and other members of the Committee said that what recruits want to meet are people who have done the job and who are experienced. Actually, a lot of those recruiters were very good individuals, because they had done tours and they had done this, that and the other. Again, it was done for saving money. I am not really interested in the mechanics of how you process the form—frankly, that is a process issue—but surely the key point is that you need people who have had experience in the Armed Forces, who can then advise people and enthuse people to do the job. That was the biggest problem when you shut the recruitment offices and took very experienced individuals out of that process. I know we have them back in now. I don't want to say, "I told you so."

Grant Shapps: Forgive me, but the answer must be obvious: either it is working or it is not working. We know that we need to recruit these people, and we know there is a cost per recruitment. Therefore, we ought to be able to put those things together and work out the best way forward.

Q53 Mr Jones: Secretary of State, I was in a school in my constituency on Monday morning, and they were doing an event for all three cadet services, the police and the fire brigade. We had somebody there from the Army in uniform, and what did the lads and lasses want to do? They wanted to talk to that individual, because he was the one who had been on tours and knew what he was doing. You cannot replace that with a computerised system.



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Mr Francois: It is not working, and your plan is to copy it.

Lieutenant General Rob Magowan: Unless I have missed something, I don't think Capita have won the Armed Forces recruitment programme.

David Williams: We are just about to enter the final phase of commercial dialogue with potential bidders for the tri-service programme, and then decisions will be for Ministers off the back of that.

Q54 **Mr Francois:** We know all that, but, conceptually, it is based on the original Capita contract, and that is the fundamental problem.

David Williams: Which certainly did not work when it was initially introduced. Actually, it worked pretty well after the reset in about 2018. All three services are struggling to meet their recruitment targets now. I think your point, Mr Jones, echoes the point that the First Sea Lord made in front of the Committee yesterday. There is a point about how we do the back office and what the system of recruitment is, but there is definitely value in the engagement with serving servicemen and women.

Chair: Soldiers recruit soldiers.

Q55 **Mr Francois:** That is why CGS has had to throw 400 serving soldiers at it whilst he is paying someone else to do it. It makes no sense.

David Williams: There is an opportunity to look at the commercials for the next set.

Q56 **Richard Drax:** Can I just say, having served myself, that the county regimental teams that we used to have are the most effective way of recruiting people into the Armed Forces? They don't want to see or hear from an organisation like Capita, which has destroyed the careers of many of my friends and people I know because they had chicken pox when they were two or some skin disease when they were eight. The whole thing was a nightmare. By 18, 19 or 20, all those things have gone away, but they were taken into account. That is just one tiny complaint I have.

As I say, the Royal Marines attended a school in my constituency. Three young men came in: a corporal, a sergeant and, I think, a warrant officer. The young man, who was 21, explained what he had done. Not only did he look the part, but 70 of these teenagers were absolutely gobsmacked. They would far rather see him than someone in a suit. For God's sake, drop what you are doing and go back to the old system. The wheel is not worth reinventing. That is my advice.

Lieutenant General Rob Magowan: You may wish to invite the senior responsible owner, Commodore Andy Cree, to respond to some of these points in some detail, because he is the expert. Secondly, I am in the Royal Marines and if you want to join the Royal Marines, yes, you apply online but you will certainly meet the Royal Marines at the Commando Training Centre as you apply. There is no doubt about that.

Q57 **Sarah Atherton:** General, I think there is a disconnect between logging on and getting to that point, and that is where we are losing the people. I



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was recruited by a female—I am doing a plug here for female service personnel. I was recruited by a female recruiting sergeant when I was 18. And you just need to make sure that you've got that interface and that role model to look up to—

Grant Shapps: Where were you when you were—

Sarah Atherton: I was walking round town and I popped into a recruitment office. I took the king's shilling.

Grant Shapps: You were just walking past and you—

Sarah Atherton: I was walking past. You need female role models as well in the recruitment process.

Richard Drax: And get into schools far earlier.

Q58 **Chair:** You hear the very clear view from the Committee that soldiers recruit soldiers and correspondingly for the other services.

I want to move on to one other thing before I move on to a totally different subject altogether. Secretary of State, you have been talking about recruitment; we can now talk about retention. You have said that you are not facing difficulties that are not being faced by other sectors. However, there is one big example where that is not true and that is housing, because with housing in the private sector, if you have a problem with your boiler, you get someone to come along and fix it, you pay them and they do it. That is not the case for the Armed Forces. We are now in a position in which record low levels of satisfaction with service accommodation are being reported. If there is ever a driver that will cause highly trained and much-valued men and women to leave, it's their houses. So how are we going to fix that?

Grant Shapps: This is what I was starting to touch on before in relation to the retention question. You can't expect people to fight abroad and have terrible accommodation at home.

Looking at the defence accommodation estate, I was reminded from having been a Housing Minister 13 years ago that if it was a housing association, it would be one of the biggest housing associations in the country, but the quality of accommodation is clearly nowhere near where it needs to be. I was very, very concerned—this is just from my recollection of last winter—to read stories throughout the winter about having terrible difficulties getting damp, mould and leaky roofs fixed; people were reporting problems but not getting responses.

Consequently, we have set up quite a big programme to make sure—I hope—that this winter we don't see a repeat of those kinds of scenes and those sorts of stories. I mentioned before the £400 million investment into the estate. I think you have had the Minister for Defence People, Veterans and Service Families in front of you previously, but this is one of the things that we can do—attached to the previous point about retention—to keep people in the services, where they are relying on it.



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There are some immediate things. The contractors are Pinnacle, Amey and Vivo, and the way that we are working with them, and being very clear to them about the standards we require, is an important part of this. We have ideas, which you might want to get the specific Minister in to discuss, about the future performance of the estate and how we might change that. In my first couple of months, that is my opening pitch on this.

Chair: A couple of things there, if I may; I will bring you in shortly, Mr Williams. One of the criticisms is a lack of expertise within the sector that manages housing. I know that Mark Francois has a suggestion about that, which he managed to raise at this moment.

Q59 Mr Francois: It is all in stick or twist, Secretary of State. For brevity, the argument was this: why do you need to bring in a bunch of facilities management companies to do this when, as you touched on yourself, you have housing associations whose bread and butter has been to manage what is effectively public sector housing?

You have housing associations, some of which are not great but some of which are really very good, and they have been doing this type of work for decades. Why don't you give this work to those people who know what they are doing, rather than having a highly complex future defence infrastructure services or FDIS contract with a bunch of facilities management people who don't know what they are doing?

Grant Shapps: It is as if you have been sitting in my meetings. Those are exactly the questions I have been asking.

Mr Francois: May the Lord bless you and keep you.

David Williams: We are looking at that. On your retention point, levels of satisfaction recorded through the AFCAS survey are dreadful, particularly around the speed and quality of maintenance. Actually, when you think about retention, the accommodation offer is judged to be retention positive for four out of 10 service personnel and retention negative for three out of 10, so there is a more mixed picture on the link between the accommodation offer and retention. Now, we have to get that three out of 10 down while keeping the four out of 10 where it is, but satisfaction with the accommodation doesn't translate immediately into it being uniquely retention negative.

Q60 Chair: Well, okay, but it is clearly one of the major factors that goes into the consideration that people are making. The fact is that the standard of housing just isn't good enough. The egregious cases of mould and damp, and the absence of fixing last winter, are simply unacceptable. I have seen that for myself, and I know you have spoken about that, never mind the extraordinary situation whereby gas safety hasn't been properly looked after.

Grant Shapps: Totally, and also the unacceptable level of performance, which is the thing I have most focused on cracking down on because it is the most immediate thing. I come from a housing background—a long time ago—and this is not the way you would run a modern estate. It is not



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the way you would ask a housing association to do it. The age of the housing stock wouldn't be sufficient, and there is a lack of innovation in terms of the way the stock is developed. With a housing association, if I have spare land, I can make that work in terms of building and refurbishing. I am not seeing enough of that going on, so I am looking to bring a lot of these skills to the top.

Q61 Mr Francois: It is very exciting to know you are looking at this, providing you end up doing something about it, Secretary of State.

Grant Shapps: I realise the clock is ticking.

Q62 Mr Francois: We have talked about the maintenance piece, but I want to talk about refurbishment and building new stock, and what you are seeking to do with that. It is not just the lack of maintenance over the course of last winter; it is the overall standard of the offer. I know you will look at the Future Accommodation Model—there are a number of questions around that—but do you see a drawback to a world in which you are simply buying houses among the civilian population, rather than among the military population, where everybody understands the life that everybody else is living?

Grant Shapps: It depends on which service you are in, what you are doing and what that means for your style of living. One of the first things that the CDS told me was that the traditions are different in each of the services, typically because if you are in the Navy, you may be away for a long time. Is it desirable to be with people in the same situation? That may not be the case if you are doing a different job in the Armed Forces. I haven't got a blanket answer to that; I defer to others who might have stronger views on it. On the first part of your question about the quality of the estate, I can see lots of room for improvement by making the estate work financially for the Armed Forces much better and providing refurbished and new accommodation in place of what is in some cases prefab post-war, or even pre-war, accommodation—very poor.

Chair: Much of it is in my constituency, Secretary of State, so I know of what you speak.

Lieutenant General Rob Magowan: I think we are all violently agreeing in this area. The fact is that two thirds of our service family accommodation is below standard. We are investing £1.8 billion over 10 years in accommodation, which is way short of what we need, in addition to the £400 million that the Secretary of State mentioned in-year and next year. The Future Accommodation Model was mentioned, and we have recalibrated that over the last two or three years. We are not necessarily proposing an increasing move into the local economy, but we are giving people more choice associated with the SFA that they can apply for. That will mean that the SFA is up to standard. For all of this, whether it be SFA or single living accommodation, we are all very conscious that what has been happening across the estate within the last 10 to 15 years has now come home to roost.



David Williams: To clarify the two thirds, it depends what you mean by the standard. The proportion of housing that meets the decent home standard is ninety-plus per cent.⁵ The question, in our view, is whether that is a good enough standard. At the moment, about 10% of our voids are houses that fall below our minimum allocation standard. The £400 million that the Secretary of State has talked about includes plans to upgrade and refurbish 1,000 of those.

Q63 **Mr Francois:** David, you know we have an ongoing inquiry into exactly that. Quickly, I have two different but related points to make: there is not only the physical condition of the quarter, but how well they are maintained. Often, you find that even if the quarter is in good condition at the decent homes standard or above, if the boiler breaks and your kids are showering in cold water yet again, you still have a major problem, even if it is a relatively modern quarter. General, for once we are in complete agreement. Often, the problem is not just the physical condition of the building, but the lack of maintenance when something goes wrong. It is a double-whammy problem.

David Williams: Yes, moving off the policy of fix and fail as an important part of that, the £400 million includes upgrades to kitchens and bathrooms for over 1,000 homes, with 1,500 houses going through the boiler upgrade programme, so we are getting on to that. That £400 million will speed up the start of the long-term programme.

Chair: We can be in violent agreement that the investment has to go into people, as well as kit, and part of that goes to the overall investment point that we talked about at the beginning. It also means that we have to spend what we do have wisely. When we look at putting money into people and not just kit, it is important that we get procurement right—on which note, I call Mark Francois.

Q64 **Mr Francois:** Quickly, Secretary of State—I think it is fair to say that you are scoring a few runs this afternoon—on your ESG point, at the risk of speaking for the Committee, I think we completely agree with you. To put it at its simplest, if someone had not been building Spitfires and Hurricanes in 1940, this session would not be taking place. On that, we are utterly behind you.

On the procurement of kit, however, our paths might diverge. We did a six-month Sub-Committee inquiry into procurement. The Public Accounts Committee had concluded in November 2021 that your procurement system was broken, and we came to exactly the same conclusion. I want to ask you some specifics and then more broadly what you will do about it.

Grant Shapps: First, I ain't here to defend the past, as it were; what I want to do is to fix the future. I completely accept that, not unlike in many other areas, including other areas of Government, the procurement process often does not work or do what it should do. That is either

⁵ Over 90% of homes meet the current Decent Homes Standard set by DHLUC. Two thirds of homes require refurbishment or rebuild to meet the Enhanced Target Standard set internally by the MOD as an appropriate standard for its people.



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because things take too long, or because when they are eventually delivered, they have gone way over budget.

I completely accept that, but I don't really want to get into a debate about whether the system is broken and it is time to fix it—whether every word of that was correct. Please accept from me that I believe that we can do this one heck of a lot better, which was why I was spending time with the Defence Suppliers Forum this morning and why I was focusing on Andy's work at DE&S—there is a better model to do that.

With the Minister of Defence Procurement, MinDP, I have been focusing a lot of my time on understanding the developing plans and signing off the new approach to procurement. I think it is probably fair to say that the new approach is not quite ready to launch yet, but I think it will be a lot more effective and take into account the real-world impact of ordering things. I hinted at some of the areas where I thought that there were problems before, with specifications changing so radically that we ended up building something that was not—

Q65 Mr Francois: To save time, Secretary of State, some of the responses that we have had back from the Department have not been the usual one, in denial, saying: "It's all going great." The tone has definitely changed—it changed before your arrival, but we are encouraged by what you are saying. If there is to be a complete refresh of how we do this, when can we expect that to be published? How far away are we?

Grant Shapps: I think quite imminently now. I would like to involve the Defence Committee in considering it before we put it out as a fait accompli. You guys have a lot of experience and useful thoughts—

Mr Francois: I think we are up for that.

Grant Shapps: That may already be partly in train, do you know? No?

David Williams: It will be now.

Grant Shapps: If not, it will be now, because I don't think that there is any future—

Mr Francois: Furious scribbling is going on behind you at this point.

Grant Shapps: Let me just set the policy principle, then you guys can work it out. My view is that you guys are expert at this. You have a lot of thoughts on it. There will be times when, as with this Report—I have read both the Report and our response to it—we say, "That is really interesting in an ideal world, but actually we can't do that." It is better to have that conversation and be completely candid about it; we will then have a much better relationship. It is also, to state the obvious, common sense to take the best ideas and use them.

Quite a sophisticated plan is coming together with DE&S and MinDP to change the way we go about procuring things in the defence world, which picks up on a lot of the good ideas and adds in some other things. It



stands to reason that we ought to work with you to ensure that it comes to fruition in a manner where we can have fewer sessions about what did not work and more about how we can improve things for the future. That is the commitment I give; it is now over to you to deliver it.

David Williams: As the Committee knows, we published our Defence Command Paper refresh in the summer, with a chapter about the relationship with industry and how we go about acquisition reform. There was quite a lot of commonality between the recommendations from the Sub-Committee that you chaired, Mr Francois, and that direction of travel. We are working through those implementation plans now with the Minister for Defence Procurement. There is a range of work that we want to do through this autumn on some of the earlier conversations—for instance, looking at how you get after sprinting to 70% of the requirement and then spiral developing, rather than just changing the requirement midway through a programme, which we want to move away from, as the Secretary of State says. That programme of work is in hand. I know that Mr Start has been discussing with Minister Cartledge inviting the Committee back down to Abbey Wood in the near future. That might be a good opportunity to set out our thinking on how we are taking this acquisition reform work forward.

Q66 **Mr Francois:** David, can we expect something before or after Christmas?

Grant Shapps: I think afterwards is probably more realistic, but that in part is because I would very much like to—and we can decide on the best way to do this—organise, perhaps even in a different format, for this Committee to get an insight on what we are thinking about, rather than it just being sprung on you at the last minute.

Mr Francois: I think we are very up for that.

Chair: I am certainly interested in hearing about that.

Grant Shapps: MinDP will be delighted to hear that.

Q67 **Chair:** Are we going to be auxiliary MinDPs, Secretary of State?

Grant Shapps: You use the expertise where it is. The ideas that we have in addition to the 70% and the spiral development are also our thinking about how things are commissioned in the first place. What systems—

Q68 **Mr Francois:** Secretary of State, we welcome that. Again, I am looking at the clock. In lieu of that, we have some quick programmatic questions for you on the Navy, HMS Westminster and type 23 frigates. We declare an interest: she is named after where we work, she is very old and there is a question about if you will refit her and keep her in the fleet or if you will write her off. Iron Duke, the last one you refurbished, took four years and more than £100 million. Are you going to refit Westminster, or will you write her off?

Grant Shapps: I do not have a decision on this view yet. I completely recognise your arguments about the costs. You actually end up getting the newer ships coming out before the old ones are refurbished, so it is one of



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those difficult issues that we were talking about before. There is no final decision, but it is something that I am proactively looking at.

Q69 Mr Francois: Okay. Helicopters were mentioned earlier. We would say that if you had not withdrawn the C-130s, you might not need these 14 extra Special Forces Chinooks, but anyway—we are where we are. Can we afford those aircraft and the new medium helicopter as well? The rumours are, in the industry, that it is basically either/or.

Grant Shapps: No—it is not either/or, but I am not committing to the ERs either at this stage, to reference the earlier conversation. There are significant costs to pulling out, but I also recognise some of the arguments about the procurement of them. One of the things that I am really interested in, particularly when it comes to US procurement, is the amount of time that it takes to procure things because of the way that their export policies work. There is an open conversation about that going on as well. I will announce it once I am ready to. You should not read anything into the direction—

Q70 Mr Francois: Mr Jones may want to jump in here, but Boeing in particular has had a number of very big, large contract awards in the last decade. In terms of what the UK has had back industrially, it has been very thin gruel. Twenty or so years ago, we had a policy called offset. If you were a US company and I bought a \$1 billion system from you, you would have to commit to spending over \$1 billion over a number of years in the UK. You would have to offset that with work in the UK. For some reason, the Department seems to have abandoned that. Why don't we look at that again?

Grant Shapps: I am open to looking at all these things. The difficulty I have is that I am joining this not just halfway through but a long way through the process. I do not want to overcommit and promise to wave wands and do all sorts of things that we all know would not be realistic. Here, I have a go/no-go decision to make on this particular issue. But I agree with you about the industrial base to be able to produce our own defence equipment. It is the reason I had the forum this morning. It is absolutely front and centre in my mind.

Q71 Mr Francois: Good, thank you. On E-7, we do not want you to think we have got a big downer on Boeing, but they are pretty hopeless. The E-7—the eye in the sky, the Wedgetail, is badly delayed. We were going to buy five, but we are now only going to buy three for almost the same amount of money as we were going to pay for five; we have already paid for five radars as it is. What is the initial operating capability for Wedgetail? When will it actually be flying and working?

Grant Shapps: I believe it is 2025.

Lieutenant General Rob Magowan: Yes, 2025. There is a delay.

Q72 Mr Francois: It is 2025?

Lieutenant General Rob Magowan: Well, we will have an aircraft flying in 2024.



Mr Francois: That is not same thing.

Lieutenant General Rob Magowan: No, but to be operationally capable, one of those will be available for operational tasking in 2025.

Q73 **Mr Francois:** You're nailing your colours. The answer, up until a moment ago, was, "We are still negotiating the full business case with Boeing. Only when we finish those negotiations can we tell you when it will go live." You are now saying it will enter service operationally by the end of 2025. So you have finished the business case negotiation and signed it, right?

Lieutenant General Rob Magowan: We will have an operationally capable platform in 2025.

Q74 **Chair:** IOC or FOC?

Lieutenant General Rob Magowan: At IOC.⁶

Q75 **Mr Francois:** I see, and then you are going to buy three. In our report "Winging It?", I will not read you the whole thing but the key paragraph was: "Of all of the Defence Command Paper's cuts, the decision to reduce the UK's Wedgetail E-7 fleet from five to three aircraft stands out as the most perverse". It then goes on, and this was a recommendation from our Committee, "The decision to reduce the Wedgetail fleet must be revisited at the earliest possible opportunity with a renewed commitment to a fleet of at least five aircraft." Secretary of State, you were going to buy three, but you would be lucky if on any given Tuesday two were available because one will always be in maintenance. These will be absolute prize targets for any enemy. You will have trouble deploying them forward because they will try to kill them the first chance they get. Can you give us any comfort at all that you might be prepared to reconsider this decision and look again at five?

Grant Shapps: Look, I do not want to sit in front of the Committee and provide lots of false hope. I know it has been looked into extensively and I know you have written about. I have looked at it because it was suggested that there was very little money difference between it. The overall saving looks like it is £720 million when you take into account the running costs.

Mr Francois: Absolutely not.

Grant Shapps: If there is evidence to the contrary, then I would like to see it. That is not just the purchase but the running as well. Capability is obviously the thing that is most at the front and centre of my mind. The straight answer to your question is: yes, I am definitely going to want to take a very close look at all of these issues, the E-7 Wedgetail included, but I do not want it to be taken that that decision is ripped up. The first thing we need to do is get these three in the air. They are in Birmingham being fitted, as I understand it. We want to get them up in the air and functional, because it is a capability that we have not got, are missing

⁶ The current In-Service Date for the UK's E-7 WEDGETAIL is July 2025, coincident with the delivery of the first aircraft to the Front Line. Initial Operating Capability date is yet to be confirmed but is expected to be 4-6 months after the delivery of the first aircraft.



entirely right at this moment, and are having to rely on our partners to deliver.

Q76 Mr Francois: We would argue that Boeing are letting you down yet again. We would like to see a much more muscular approach from your Department. You are paying them a very large amount of money for these aircraft to ensure that the taxpayer gets what the taxpayer is paying for. Perhaps you could take that thought away.

Grant Shapps: I will do that. Perhaps, in return, if you dispute the scale of savings— As Mr Jones was saying previously, there are perfectly legitimate pay-offs that we have to make. We can do some things but not everything; we have to make those decisions. I have no desire to be making those decisions in such a way that does not maximise our chance to do other things.

Mr Francois: For brevity, we will write to you. The £720 million does not stand up to scrutiny. We will write to you.

Grant Shapps: That would be helpful.

Q77 Mr Francois: Lastly, SSNs. It was all over the internet a couple of months ago that we did not have a single nuclear attack submarine at sea for the first time in living memory. We have six in the fleet—five Astutes, two more in build, and one very old T-class. It is pretty embarrassing for the Royal Navy not to have a nuclear attack submarine at sea, not least in the face of our American allies. What will you do about that?

Grant Shapps: First of all, I have already visited part of the manufacturing process on the Rolls-Royce side of things to see how we can speed things up. Secondly, obviously you would expect me to say that we never comment on our deployment, other than to say we were able to meet all our NATO commitments throughout that period of time. One of the things I think was most interesting is the lead times and quality of the equipment, which is the thing that hurts us every time. I was looking at some really advanced manufacturing where, for example, the welding— one of the big skill shortages—becomes automated in places. I am a self-confessed geek, and I would like to see more technology used to speed up production processes, in order that we are not caught short with these things. But I should stress that we were able to keep our operational—

Q78 Mr Francois: Secretary of State, even the ones that are built are all tied up alongside, or they were. There is a thing called Navy Lookout—the equivalent of planespotters, and I don't say that in a derogatory way. They had all these things all tied up, either at Devonport or at Faslane. We weren't imagining it. Even if you can build them quicker, if you can't refit them properly, they don't go to sea. This Committee is always being told how active the Russian submarine force is. Vladimir Putin's father was a submariner; that is why he has always invested so heavily in it. You can't track Russian submarines with six SSNs tied up alongside. Could you please give us some comfort that you will shake up the Submarine Delivery Agency—a curious name for an agency that seems unable to deliver any submarines—and do better?



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Lieutenant General Rob Magowan: Yes. I think the First Sea Lord discussed this earlier in the week or last week.

Mr Francois: That was actually yesterday.

Lieutenant General Rob Magowan: The Clyde infrastructure programme, which you will be familiar with, is a GNPP programme running at red. We are recalibrating that because the operational infrastructure to support the submarines you are talking about is not fit for purpose. It needs greater volume and that is why we need to invest and turn that programme from red to not red. That is a critical part.

There are supply chain issues, which is why we are now launching our supply chain strategy, where we will identify as part of the increasing defence outputs programme where those supply chain pinch points are and ensure that we are being proactive around them. The third area, which we have talked a lot about this afternoon, is people, and the shortage particularly of engineers at the back of the boat. We need to ensure that they have the package they need for us to sustain them in the Navy. Those are just three areas. If it were easy, then we would have all the submarines to sea, but they are not designed for all to be at sea anyway. But there is an overall programme, because you are absolutely right that it is an operational weakness.

Mr Francois: Thank you. We look forward to this dialogue on procurement reform.

Q79 **Richard Drax:** Secretary of State, may I first thank you? You are the first Secretary of State I know who has actually reached out to ex-forces personnel and asked to see us all. I think a colleague, Julian Lewis, followed in after you had seen me. I would like to thank you for that reaching out. I hope whatever I said was helpful.

I will just touch on special forces. I understand that we have to be careful here. We do not want to talk about them operationally. Have you visited the bases of Hereford and Poole?

Grant Shapps: No, I have visited them in—again, being careful—action, rather than at their bases, but I will be visiting soon.

Q80 **Richard Drax:** Right. Rather than go through a litany of issues that they have, I would just like to confirm with the Clerk whether our confidential letter was sent by our then-Chairman. *[Interruption.]* No? Is it going to be sent?

Chair: Let's take that offline, Richard.

Q81 **Richard Drax:** We were going to draft a letter to you in confidence, for obvious reasons. Could you reassure us that when you do visit the bases, and you sit down quietly with commanding officers and senior troop sergeants and others, without anybody else in the room so they can speak utterly freely, you ask them: do they have the kit in air, sea and other resources to do their professional jobs? These are extremely dangerous



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jobs that we ask them to do. Can you reassure us that when they ask for something, within reason, they will get it?

Grant Shapps: I will certainly have those conversations. The visits are being set up, and would have happened had it not been for unexpected visits out to the Middle East and elsewhere as a result of global factors. But the answer is yes.

Lieutenant General Rob Magowan: Would they include extended-range helicopters in that conversation?

Q82 **Richard Drax:** Yes, the helicopters are of course a plus. I would go on to say that they miss a certain aircraft. I think the view is the A400 does not necessarily do the job that the former aircraft did—an aircraft I understand other countries are investing in and we do not have enough money to maintain. On that issue, General, I think it is fair to say that what they would like, ideally, is their own independent aircraft, which they used to have—

Lieutenant General Rob Magowan: Fixed-wing aircraft.

Richard Drax: Yes—rather than begging for facilities.

Grant Shapps: It is a point you made very well to me when we had our conversation on this.

Lieutenant General Rob Magowan: We will add it to the list.

Q83 **Chair:** Secretary of State, it is one of the points you can continue as part of my point about air mobility and the task line availability. Perhaps you can take it under that bracket.

A final question on procurement, before I move on to the last topic—I hope you are okay for another five or 10 minutes, just to finish off. We have had an on-off, feast-or-famine procurement system, and we have seen from Ukraine the need to reinvest in stockpiles and so on. What are you doing to change the way procurement happens, so you get a steady drip-through of orders, rather than the feast or famine? I ask because I wonder whether that will change the value for money calculation, and whether we will see any interesting accounting officer direction requirements.

Grant Shapps: There are two or three things to say here. First, I mentioned the £242 billion over 10 years. It is a significant amount of money, and we know it is coming. One of the reasons I held the Defence Suppliers Forum this afternoon was to talk through what I see as a quandary. If I were a defence manufacturer, I would be looking at this and thinking, “Why don’t I set up shop and produce whatever is needed?” It is 155s right now, given what is going on. Why do things stop and start so much? Why is the market not much more responsive? Those are all elements of the conversation that I had this morning, and the questions that I have been asking.

I think we can do a lot to help. Part of it is being very clear about our



intended goal. That is why it is important that the Government has already said that it wants to reach 2.5%. That should send a very clear signal. I have talked about where I personally think it needs to go in the longer run. These are important signals to the marketplace as well. The thing we were talking about before—improving the way that we procure things—is the other part of that. I think we have agreed that we will be having substantial further conversations about that.

One other thing that we discussed this afternoon is investment. Recently, we saw Aviva sort of half-say that they didn't think—this goes back to the ESG point—that this was a viable place to invest, or that they should give it the green flag. I completely disagree. There is a very big part of that to work on. Also, the SMEs—the medium-sized enterprises—should be making up a bigger part of the procurement world. It should not just be the primes who wait for the next big contract to drop, but everybody else. One of the people there was questioning why VCs—venture capital funds—don't get involved. Again, it comes back to this ESG problem.

There are probably four or five different parts to improving this feast-or-famine situation, of which those are the things that come to the top of my mind.

Lieutenant General Rob Magowan: To add some specifics to what the Secretary of State has said, we are in with MBDA for the long haul. I won't bore you with the programmes that are running through now, well into the 2030s, including in support of GCAP—

Chair: I shouldn't worry, General; we are the last people in the world who would be bored by the details of the programmes.

Lieutenant General Rob Magowan: Any time, Chair. We are committing to Thales, particularly in terms of short-range air defence. We are probably going to extend QinetiQ's contract into the 2030s, in terms of test and evaluation. We have already talked about BAE in terms of 155. We have a national shipbuilding strategy—

Chair: Well—

Lieutenant General Rob Magowan: I know there are issues with affordability, but there is—the policy is—

Chair: We're short of time already, before we get going on that.

Lieutenant General Rob Magowan: There are plenty of examples where we are exactly getting at your question, which is giving our primes and SMEs the long-term commitments that they need.

David Williams: You talked about an accounting officer issue. I am not entirely sure what is worrying you, but from my perspective, if you are thinking in the munitions space—

Q84 **Chair:** I was being slightly provocative and challenging, in terms of whether, if you are requiring to make orders to make sure that you have a



continuous throughput, that might change the value for money calculation.

David Williams: From a value for money perspective, if you think about munitions, having an always-on capability and the ability to surge—great. Getting in shipbuilding and submarine building to a drumbeat of, “How many ships or boats will we turn out every 18 months?”—or two years, or whatever the drumbeat might be—is absolutely fine from a value for money position. If, at the end of that, we get to the point where we have too much of something, then we can sell the older stuff and keep going. From an accounting officer’s perspective, the value in keeping the production lines hot and understanding where surge capacity will come from when you need it is fine.

Q85 **Chair:** That is extremely helpful. Thank you. We may well pick that up in the future. Mr Wyatt?

Paul Wyatt: I was just going to reflect on the quality of the conversation that I am now having with my military opposite number, Roly Walker, the Deputy Chief of the Defence Staff for military strategy and operations. We do the force employment side of the spectrum, whereas Rob is doing the preparing the force and force generation. In terms of some of these questions, we have really dialled up the quality of the conversations that we are having about what we need.

We were, frankly, probably in the bad habit of relying on Rob’s world to provide a model requirement for stockpiles that we then bought in large slices, rather than having a properly active conversation, from a force-employment perspective, about not just what we need when we go to war but what kind of run rates we are going to require to continue to keep the force in the field. We are working really closely between force design and force employment to really raise our game on that.

Chair: Thank you very much. For the final topic, I turn to Gavin Robinson.

Q86 **Gavin Robinson:** Good afternoon to you all. Secretary of State, this has been a very constructive session. It has been great to see your willingness to engage in a bit of a challenge, and the candour that you are sharing that with us, having read into the brief and getting experience of it. This Member is quite keen on the national shipbuilding strategy, but you will find that other Members remain to be convinced on some aspects of it. But you have been very candid this afternoon about your aspirations for industry and how we can benefit from that.

You have shared your experiences so far with AUKUS and with GCAP as well—your travels to the Far East—so you will recognise the need for important international bonds and partnership, whether that is to benefit our industry or to support industry through sales. Thinking of BAE and Typhoon, how confident are you that there will be a resolution to the sale of 48 Typhoons to Saudi Arabia in the coming months?

Grant Shapps: My head has been heavily in this issue. I have visited Saudi, in the context of what is happening in the Middle East specifically, but of course I have discussed these other issues. I think that there is a route through, but we will have to wait to see what happens.



Q87 **Gavin Robinson:** Okay. You may not wish to tread this path, but there have been some media suggestions about existing contractual clauses between the four nations involved with Typhoon that would allow the three others wishing to proceed to work around one of the quartet. Is that a clause you are considering?

Grant Shapps: It is probably best if I don't go into full details in a public forum, but I will offer a wider comment on this. For all the nations involved in Typhoon and licensing and the rest of it, in the end, the countries in the Middle East—the Saudis in particular in this case—will need air capability. The West can be part of that or, presumably, they will be attracted by perhaps Chinese, Russian or other offers. It is in not just our financial interests but our strategic interests to make sure that we continue our very long-term relationship with the Saudis, which stretches back decades, for decades to come. That is what I aim to do.

Q88 **Gavin Robinson:** We are glad of that aspiration, and obviously that is a good argument to deploy when trying to convince partners that we should proceed. If that fails, and you are unable to proceed with the sale, are you confident that there will be an alternative marketplace for BAE and its staff?

Grant Shapps: It has been a successful aircraft, as you know. I will not speculate on other marketplaces.

Q89 **Gavin Robinson:** I think it is about reassurance at this stage, because a lot of people from BAE will have a keen interest in a resolution to this. This is a good opportunity for you as Secretary of State to provide some level of reassurance, if you can.

Grant Shapps: I think I can say this, to provide some degree of reassurance: we have set out—when the Prime Minister appointed me, he made this very clear—that we should see our defence sector in an export role; that should be in our DNA. I cannot helpfully comment on specific alternative clients for a particular platform, but this is the first week in this job in which I have not been abroad, and exports have been a very significant part of my travels. We are very focused on them. We believe that we have great expertise and equipment to sell, and we will do all we can to help protect British jobs.

Q90 **Chair:** Thank you very much. Secretary of State, Mr Williams, General, and Mr Wyatt, we are very grateful to you indeed for your time, your candour in answering questions, and your willingness to engage; it is much appreciated by the Committee. Secretary of State, perhaps you would commit to doing everything possible to hold the procurement session that you mentioned before Christmas—if possible, here, for ease of timetabling.

Grant Shapps: I think that might be pushing it, actually; I don't want to over-commit and under-deliver. Let me go away and see what is possible. I know that the person you will want in front you for that will be the Minister for Defence Procurement, because he has spent a lot of time working on this, along with Andy, and that predates me. My new



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commitment today is to involve you in the development of some of that work, for a better outcome.

Chair: I am grateful for that. Thank you very much for your time. We look forward to picking up these issues again in the future.