



HOUSE OF COMMONS

Defence Committee

Oral evidence: One-off session with the Secretary of State, HC 642

Tuesday 26 March 2024

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Members present: Sir Jeremy Quin (Chair); Martin Docherty-Hughes; Richard Drax; Mr Mark Francois; Mr Kevan Jones; Mrs Emma Lewell-Buck; Jesse Norman; Gavin Robinson; John Spellar; Derek Twigg.

Questions 1-125

Witnesses

I: Grant Shapps MP, Secretary of State for Defence; David Williams CB, Permanent Secretary, Ministry of Defence; Tom Wipperman, Strategic Finance Director, Ministry of Defence; Lieutenant General Sir Rob Magowan KCB CBE, Deputy Chief of the Defence Staff (Military Capability).



Examination of witnesses

Witnesses: Grant Shapps MP, David Williams CB, Tom Wipperman and Lieutenant General Sir Rob Magowan KCB CBE.

Q1 **Chair:** It is a pleasure to have the Secretary of State for Defence and his team with us to give evidence to the Committee. Secretary of State, would you like to start by introducing the team who are with you today?

Grant Shapps: For sure. I am here with the permanent under-secretary; David, do you want to introduce yourself?

David Williams: David Williams, permanent secretary at the Ministry of Defence.

Tom Wipperman: Tom Wipperman, director for strategic finance at the Ministry of Defence.

Lt Gen Sir Rob Magowan: Lieutenant General Rob Magowan, Deputy Chief of the Defence Staff for military capability.

Chair: It is good to see you all. Kevan is going to kick us off with the first question.

Q2 **Mr Jones:** I think you would expect us to start with the Budget. Since the Budget on 6 March, there has been some uncertainty as to whether defence expenditure is rising or being cut next year. Here is an open question to start with: can you clarify what the position is?

Grant Shapps: I will kick off and then hand over to Tom. I think the confusion on the day is that when the Treasury publishes its numbers, you are not comparing apples with apples; you are comparing apples with oranges. It publishes the entirety of the out-turn of the previous year, '23-24, including supplementaries, which includes things like Ukraine expenditure, for example. When you see the figures for '24-25 on the day in the book, that does not include the supplementaries, even though everyone knows, because the Government have already committed to it, that that is £2.5 billion, for example, and then there is money for munitions—there is £280 million for the stockpiles.

Once you add those two things in, you are then comparing the out-turn of last year to what will be the out-turn this year for certain. You get a 1.8% real-terms increase: £1.4 billion.

Q3 **Mr Jones:** Right, so what you are basically saying is that what is in the Red Book figures—

Grant Shapps: Is misleading, because it does not include a footnote that says, "That doesn't include supplementals."

Q4 **Mr Jones:** Let's get clarity, then. Let's do RDEL first. According to the Red Book, for '22-23 it was £32.5 billion, for '23-24 it was £35 billion, and for '24-25 it is planned to be £32.8 billion. What are the figures, taking out what you have just said, for 2022, 2023 and 2024?



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Grant Shapps: To compound those figures, you end up with £54.2 billion the previous year and £55.6 billion this year. But I know you want to get into the detail, so I am going to ask Tom to give you the actual numbers.

Mr Jones: No, I am deliberately doing it separately. I know in your tweets you have a tendency to—

Grant Shapps: Add CDEL and RDEL.

Mr Jones: Well, and conflate things that frankly don't add up. But go on—carry on.

Tom Wipperman: Mr Jones, if you look at the '23-24 number, that is our out-turn, which reflects the supplementary estimate published in February

Mr Jones: Got that.

Tom Wipperman: The RDEL, £35 billion, compares to plans—

Q5 **Mr Jones:** Can I just stop you? The Secretary of State has just said that the £32.5 billion has got the supplementary. I understand that. What is the figure, stripping that out? That is what we are trying to get to.

Tom Wipperman: Sorry, do you mean '22-23?

Mr Jones: Let's start with '22-23.

Tom Wipperman: That is £32.5 billion. That is the out-turn from that year.

Q6 **Mr Jones:** And that includes what the Secretary of State has just said?

Tom Wipperman: Yes. The out-turn for '22-23 includes the additional spend in that year.

Q7 **Mr Jones:** We have got all that. Strip that out, then, and what was the figure for '22-23? What you are saying is that the supplementaries really skew things. As the Secretary of State has just said, you are not doing apples and oranges. What we really need to get to is stripping out all the supplementaries in 2022-23 to get a baseline, and then going on to 2023-24 to see what that is with everything stripped out. That is what we need.

Tom Wipperman: I do understand the question, but I would suggest, if I may, that we do it the other way round, starting with '24-25. The reason for that is that the out-turns that you see reflect the things that went in, in that year.

Q8 **Mr Jones:** Sorry, but you do not need to explain that. We've got it. What we are trying to get to is what the baseline is, with all the supplementary things taken out. We want the baseline. The way you can tell whether it has increased or decreased is to take everything out from the figure for 2022-23, so that we just have the baseline, and then get the same figure with everything stripped out for 2023-24. Then, if you compare the two, you can see whether the figure has increased or decreased.



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David Williams: If I may come in—Mr Wipperman may want to correct me—the number that we focus on or manage in the Department is our expectation of the Budget after supplementaries each year. The data that we then report, which I think we probably have to hand, is the out-turns for previous years, including those supplementaries. We can answer the question that you want, but it requires going back to the main estimates for each of those previous years.

Q9 Mr Jones: Hang on—wait a minute. We are talking about transparency with the public and Parliament. The Secretary of State and Mr Wipperman have just argued that it is increasing. According to the book, it is not increasing. This is what we need to know. What the Secretary of State has just said is that the only way to do it is really to strip out the supplementaries. That is where we need to get to, so why can you not produce those figures? No disrespect to you, but that is the only way we can tell whether what the Secretary of State and you are saying is correct.

David Williams: It is just that the matter of record for previous years is the audited figures from the NAO, which is the end-of-year out-turn that includes the supplementaries, so our proposal is that it is easier to compare '24-25 with our expectation of what will be in the supplementary estimate, rather than the book figure. We could answer for the start point of each year, but that would be the figure approved by Parliament in the main estimates each year. It is not particularly a number that we plan against, because we expect it to change. I have not got the data with me.

Mr Jones: On these figures, it is going down.

Tom Wipperman: I do have a TDEL number, although I do not have the RDEL/CDEL split. These are nominal, so they are not adjusted. For '22-23, the total budget—RDEL and CDEL combined—is £49.9 billion prior to reserve funding. In '23-24, it's £51.5 billion, and in '24-25, it's £51.6 billion¹. Those are totals, so that is RDEL and CDEL prior to agreed reserve claims that took place during those years. Those are nominal, not real.

Q10 Chair: It's nominal, so it is pre-inflation?

Tom Wipperman: Pre-inflation, yes.

Chair: So it's £49.9 billion to £51.6 billion—are those the numbers, Tom?

Tom Wipperman: That's right.

Chair: So that is probably a reduction in real terms.

Q11 Mr Jones: It is a reduction in real terms if you take account of inflation. What, within those figures that you have just given us, is not core expenditure? Does that include support to Ukraine, for example?

¹ The figures quoted represent the MOD's budget minus spend on operations. As outturn figures are not yet available for 23/24, the figure is based on the MOD's budget at Supplementary Estimates



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Tom Wiperman: No, that would not include support to Ukraine. That is all the reserve funding that comes in.

Mr Jones: I am trying to be helpful. I am just trying to get a clear picture.

David Williams: I think the point is that the main estimate figures tend to relate to core spending, as agreed in the spending review. They do not agree an uplift for Ukraine; they do not agree additional funding allocated to the Department in the autumn statement 2022 and the spring statement 2023. It is a baseline that the Treasury uses, but when you are comparing year-on-year growth, out-turns to plans plus planned-for supplementaries is the best measure.

Q12 **Mr Francois:** Much of that comes from the contingency reserve, which has always been accounted for differently. You know as well as I do that this is all deliberate smoke and mirrors.

David Williams: No, it is not deliberate smoke and mirrors.

Mr Francois: It absolutely is.

David Williams: No, because the claim from the reserves comes through the defence budget in the end and is reported in our annual report and accounts. It is audited by the NAO. It is the authoritative figure on what we have said.

Q13 **Mr Jones:** It is, but there is a problem with that. It is interesting that when I was in the Department one of the things that the Conservatives always said was that you should take out, for example, the expenditure on Afghanistan and Iraq. Are we now saying that we should not have done that, and that the arguments that Mr Shapps and others were making at the time were wrong?

Grant Shapps: Look, if the argument is whether we should spend more on defence, the Government agree. We are committed to 2.5%. Not all sides of the House agree with that.

Mr Jones: Can I stop you there, because we will get to that later?

Grant Shapps: Okay, but it is in within this context.

Mr Jones: Hang on. We will get to that later. Other people have questions on that, so I don't want to eat their sandwiches. I know you are very good at flannelling and making positive statements, but we need the detail. It is important that we as a Committee, and the public, get an understanding of the actual figures, rather than what you have put in a tweet, for example.

Grant Shapps: To be fair, though, you cannot take the out-turn of '23-24 and somehow include supplementaries, and then compare it with the projection for '24-25 and not include supplementaries. That is then you not being consistent. All I am doing is being consistent.



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Mr Jones: No, you are not being consistent at all. I was trying to be fair with you to try to get an understanding, so that we can get to the bottom of what the claim is. To be fair to David, he has gone through that in terms of explaining how the out-turns have come around, which is fine. The figures that Mr Wipperman has just outlined are fine. I have a better understanding of what you are suggesting now.

Q14 **Mr Francois:** For people who are watching, we are talking about estimates, out-turns and supplementary estimates. Let's just go right back to the basics. This is the Budget Red Book. This is the document that gives the detail—the small print, if you like—after a Budget. It lists the revenue spending for each of the Departments, their limits, known as RDEL, and their capital spending limits, known as CDEL. It lists each Department. Look at the RDEL list, which is table 2.1 on page 25 of the report, and take a comparison with education. The education budget for 2023-24 is £81.9 billion. For '24-25, it is £84.9 billion, so it has gone up £3 billion. So far, so straightforward.

When you do the same for the MoD core budget, it goes from £35 billion in '23-24 to £32.8 billion in '24-25, the financial year that is just about to start. That is a cut of £2.2 billion in the core defence budget. When you do that for capital, it goes from £19.2 billion in '23-24 to £18.9 billion in '24-25, so that is another £300 million off. When you add the two, that is £2.5 billion. I am not a qualified accountant, but I was a shadow Treasury Minister under Osborne for three years in opposition, so I learned to read this document by application. The amount that we are giving to Ukraine next year is £2.5 billion, so it is almost exactly the same as the cut in next year's core defence budget. That is always traditionally paid for out of the contingency reserve, just as we did with the Falklands war and most other conflicts. That has always been the way.

If you compare apples and apples, the £2.5 billion that goes to Ukraine is not part of the UK defence budget, because you cannot spend the same pound twice. If you are spending it on shells for the Ukrainians—money well spent—you cannot spend it on Army salaries, submarine maintenance or new runways for the Air Force. You have suffered a massive defeat at the hands of the Treasury, you have had your budget cut by £2.5 billion, and you are now trying to play smoke and mirrors with the Ukrainian money to pretend that your budget has not been cut, when it has been slashed. Aren't you, Secretary of State?

Grant Shapps: No.

Mr Francois: You absolutely are.

Grant Shapps: Let me answer. I disagree. Actually, the problem with the numbers you have read out is that they are in themselves misleading, because the previous—

Mr Francois: They are in the Budget Red Book. It is the official document of the Government.

Grant Shapps: Okay. However, give me a moment here. By the way, you



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and I start from the same place: we both want to spend more on defence. This Government are committed to spending more on defence, and I absolutely agree. The Government are committed to 2.5%, as conditions allow; other parties are committed only to 2%.

None the less, the reason those numbers come out as misleading is simply that the previous year's figures that you read include the supplemental, while the next year that you are reading does not include the supplemental. The argument is simple: you either have to include it entirely or you do not include it entirely, as Mr Jones was offering up previously. You cannot include it in one and then not include it in the other. If you do, the 2023 figure that you presented—which I think in your terms was £35 billion, or £54.2 billion if I look at the total TDEL—goes down as well. You would be arguing that the defence budget was reducing every year, including in past years as well.

The only way to look at this is as the NAO looks at it in the audited accounts: it ends up including supplementals. That is not just the £2.5 billion, though that number would, as you have pointed out, conveniently suggest—*[Interruption.]* It is also Dreadnought; it is also stockpiles; it is also other operations.

Q15 Mr Francois: Secretary of State, if you want to draw on the NAO in evidence, according to its equipment plan report, which was recently reported on by the PAC, you have a black hole of £29 billion over the equipment plan.

Grant Shapps: Again, that is misleading, because—

Mr Francois: Oh, so the NAO and the PAC are wrong as well?

Grant Shapps: Yes, that is misleading. That equipment plan is £288.6 billion over a 10-year period, of which only 25% is committed. When the NAO looks at it, it assumes that we do not get to our 2.5% stated public position of defence expenditure, which this Government say we are committed to.

Chair: Mark, you can have one more question.

Q16 Mr Francois: Secretary of State, everyone can see what you have done: you have been defeated by the Treasury, you are slap-bang guilty of Enron accounting, and you are trying to blow smoke in everybody's eyes by using Ukrainian money and pretending it is part of the UK defence budget. It is not; it is part of the Ukrainian defence budget.

Grant Shapps: But Mr Francois, you are doing exactly the same. You are using Ukrainian money from last year and including it in the budget, but then saying, "You cannot include it in this year's budget," and coming to misleading conclusions.

Q17 Mr Francois: No. These are what an accountant would call "accounting adjustments". You have a total, there are some differences to the total, and you record why the two numbers are different, right? The Red Book



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barely mentions defence at all. We have a Chancellor who has no interest in defence—we all know that. Why, then, are these supplementals not footnoted in the Red Book? Why are last year's supplementals not footnoted in the Red Book?

Grant Shapps: I will join you on the campaign to have them footnoted, but it cannot be right to claim the inclusion of other expenditure, including the supplementals for a range of different issues, in one year, and then look forward and say, "But we are not going to include them"—unless you think that we are not going to make those contributions beyond Ukraine, Dreadnought, other operations or the stockpile, all of which are already declared. In defence of the Chancellor, he himself has spoken about 4% in the past, so I do not think that he has no interest in defence.

Q18 **Mr Francois:** In simple pub English, you're cheating.

Grant Shapps: No, I think it's the other way around. I'm sorry, but I want to push back very strongly but respectfully on this, because you are deliberately quoting figures that include supplementals, and then not comparing apples with apples when we look at this year. We either have to do both or neither.

Q19 **Chair:** Secretary of State, I think we should now draw a line under this debate, but it illustrates one particular point, because we have discussed for eight minutes the historic numbers that you have presented. There is something wrong in the formulation if we are having that length of debate. Given that the message that we need to send to adversaries is one of confidence in the funding streams you are getting and all the rest of it, we clearly need to do better in presenting the numbers that you are receiving.

I have just a couple of questions. The numbers that Mr Wipperman presented on TDEL would suggest a fall in real terms, I would have thought. I will leave that with you.

The other major question is this: what matters is what you can plan for in terms of your budgeting; supplementals are great, but that depends on when they come during the course of the year and whether you can actually apply them to what you can budget for. Maybe you could write to us as to the thought process. I absolutely appreciate that these ones have already been announced subsequent to the spending round, but perhaps you could write to us when you are doing your planning and you know that you have that money guaranteed with the Treasury—so although Parliament still has to vote it, you will receive it—so that we know what forecasts you are working under in your planning. I think that would be logical.

David Williams: Yes, it would. We can write separately, but I would expect to set that out in our estimates memorandum for main estimates. I know we were, for technical reasons, a little late in sending you the supplementaries this year. The estimate memorandum for the supplementaries does set out the increase in the baseline for '23-24. I am happy to set out what we are currently planning on in the main estimates memorandum, if that is the most convenient way, or we can set it out directly.



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Mr Francois: How curious that you were late this year.

David Williams: Genuinely, it was an IT problem, Mr Francois.

Mr Francois: Of course it was.

Q20 **Chair:** Our concern is what budget you think you have to spend. We are all, 100%, in favour of 2.5%. Many would like it to be more—not only 2.5 in terms of percentage, but 2.5 in terms of Ukraine. Clearly, as Mr Francois says, that is not money that you could be spending necessarily on the UK. We are all hugely supportive of it, but we are trying to ensure that we know whether you have got an increasing amount of money into the budget in real terms.

David Williams: We can set that out. If it is some comfort, from the Red Book—or at least his remarks during the spring statement—the Chancellor says his expectation is that we will be spending 2.3% of GDP in '24-25, which is not the number that is in the Red Book.

Q21 **Chair:** And that includes £2.5 billion for Ukraine.

David Williams: That includes Ukraine.

Chair: Which is 0.1% of GDP. Kevan and then Derek.

Q22 **Mr Jones:** It is interesting what the Secretary of State said about the NAO report, because that did not stop you in 2009, for example. The NAO equipment report said that, if there were a £6 billion black hole in the equipment budget then, £30 billion if it was flat cash for the next 10 years. That did not stop you as a party arguing then that it was a £36 billion black hole. I agree that it is how you read NAO reports, and not using them like the Conservative party did in 2010 to put something forward completely fictitious.

Can I clarify one thing? I thank you, Mr Wipperman, for your figures there, because that clarifies it for me. As the Chairman said, it is a cut, isn't it? The TDEL figures.

Tom Wipperman: Those nominal numbers probably are—

Mr Jones: A cut.

Tom Wipperman: A real cut.

Mr Jones: Yes. Thanks.

Q23 **Derek Twigg:** To follow on and try to enlighten myself in my confusion, given the various figures that have been bandied around, so that we can be clear for the record: Secretary of State, are you saying that, in real terms, defence spending is going up?

Grant Shapps: As long as you include the supplementals, this year the spending goes up by 1.8% in real terms or 2.6% in nominal terms. For people watching this, who are now completely confused, the simple question is this. Do you include things that came in last year and were



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included in the so-called Red Book, and then ignore them this year? Or do you include them? Once you include them this year, you end up spending £55.6 billion on defence.

David Williams: That—

Derek Twigg: Why do you think that—

Chair: Derek, Mr Williams wanted to add something there. Then you can come back, Derek.

David Williams: I was just going to say that that figure is based on us adding in for 2024-25 additions to the budget that have already been agreed and announced. It is not us having a punt on what we would quite like to see.

Q24 **Chair:** That is an important point, thank you. The bigger picture, Secretary of State, is getting to that 2.5%. You will be pleased to hear that I was quoting you to the Prime Minister in the Liaison Committee not long ago: your wise words about the necessity of getting to 2.5% and about “pre-war”. I didn’t mention your aspirations to go beyond 2.5%. Yet the Prime Minister did not commit to a time and date for the 2.5% and the uplift. Are you able to enlighten us now?

Grant Shapps: I am certain the Prime Minister would have told you an hour ago if that was going to be an announcement for today, but the Government are committed to 2.5%. In my view, as you know from my speech at Lancaster House in January, we are looking at a more dangerous world. I used that phrase about “moving from a post-war to pre-war world” to describe why I think the challenges are greater. I am in complete agreement that you have to pay for that defence.

So exact timing, as we have said all along, is a matter for the Chancellor, and the Government have described it as being “as conditions allow”. I am Secretary of State for Defence, so obviously I urge for us to move to that position as quickly as possible. There will be other opportunities, including an election coming. Other parties are committed to only 2%, the NATO base, which is a cut of about £7 billion a year to the current defence spending picture.

Mr Jones: That’s not true, and you know it’s not true.

Grant Shapps: So 2% is about £7 billion less than we spend at the moment per annum.

Mr Jones: That’s just complete spin as usual.

Chair: Hang on, Kevan.

Mr Jones: It is. The bloke can’t lie straight in bed.

Grant Shapps: Well, there will be choices come a parliamentary election for different views of this—



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Q25 **Mr Jones:** But you are cutting the defence commitment now.

Chair: Kevan, can you go through me please?

Mr Jones: You are cutting the defence budget now.

Grant Shapps: As we have just heard, it is a 1.8% real increase if you include all the supplementaries. You are not including—

Q26 **Mr Jones:** Go on the figures that Mr Wipperman gave rather than what you are spinning. I know it is difficult for you not to spin things as you would like them, but deal with facts.

Grant Shapps: Mr Jones, I'm sorry but we have had a long time on that. The facts are that, once you include the supplementals, we are spending more this year than we did last year. That is a fact.

Mr Jones: On things that aren't necessarily core defence expenditure.

Grant Shapps: Well, I think Ukraine, for me is—

Q27 **Chair:** We have had enough debate on this. There are many other things that we can discuss other than the numbers. I said 10 minutes ago that we would only spend eight minutes on this, but we have now spent a quarter of an hour.

Secretary of State, you can't enlighten us on the timings, but you can say that this is an absolutely priority for you and I assume that has implications for manifestos and the like.

Grant Shapps: As I say, I am strongly committed and, as you have pointed out, discussed this well before I was Defence Secretary. I am very committed to making sure that we defend ourselves. When you do that, you make a very good case to your adversaries not to try it on, so I think it is cheaper in the long run to do that. I am very pleased that we are committed to doing it. Of course, I urge us to do that as quickly as possible. There is a general election coming up.

Q28 **Derek Twigg:** Can we talk about the facts and come back to the Budget earlier this month? Is it a fact that there was no additional money for defence?

Grant Shapps: This Budget didn't announce additional lines of expense. However, because there have already been supplementals, including Ukraine and Dreadnought, the money still went up, but that is correct.

Q29 **Derek Twigg:** You referred to the facts, so it is correct that there was no additional money.

Grant Shapps: Yes.

Q30 **Derek Twigg:** Right. So given that you and Ministers, even yesterday on the Floor of the House, are now saying we are in a "pre-war" situation, what do you believe convinced the Chancellor and the Prime Minister not to put any additional money into the Budget for defence, given that we are in a "pre-war" situation?



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Grant Shapps: Although there was no announcement specifically in the Budget, as I was just saying there was already money that had been pledged. A couple of months earlier, for example, there was an increase in defence spending in Ukraine. I hear what the Committee says—that is not core defence spending, I hear some people say. None the less, there is a war on in Europe. Frankly, I don't really care whether the money comes in as a supplemental or—

Q31 **Derek Twigg:** Do you agree with the decision of the Chancellor and Prime Minister not to put additional money into the Budget for defence?

Grant Shapps: Look, I am Secretary of State—

Derek Twigg: I am asking you a simple question.

Grant Shapps: I am Secretary of State for Defence—

Derek Twigg: We know that.

Grant Shapps: I have been Secretary of State in many different Departments. By the way, I have always been pretty successful in getting the money in, whether it is for energy, transport infrastructure or what have you, and I intend to be successful in this role as well.

Q32 **Derek Twigg:** Do you agree with the Prime Minister and the Chancellor?

Grant Shapps: I also have collective responsibility, and that means that it is a whole Government Budget. I am very pleased; I actually am the—

Q33 **Derek Twigg:** Did you make representations for additional money to the Chancellor and to the Prime Minister?

Grant Shapps: It is widely known that of course I made representations. What kind of Secretary of State would not?

Q34 **Derek Twigg:** So you don't agree with the Chancellor and the Prime Minister.

Grant Shapps: Because I am Secretary of State for Defence, I think that it should be a priority, of course.

Q35 **Derek Twigg:** So you made representations for additional money. The Chancellor and the Prime Minister rejected that.

Grant Shapps: Saying that they had already put more money in, and that is revealed in the 1.8%.

Q36 **Derek Twigg:** So why did you ask for more money?

Grant Shapps: Because, of course, every Secretary of State's job is to lobby for their area.

Q37 **Derek Twigg:** Why specifically did you ask for more money?

Grant Shapps: Because every Secretary of State wants to get more money into their—



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Derek Twigg: What is the reason why you asked for more money?

Grant Shapps: There are any number of things that I would like to spend the money on.

Q38 **Derek Twigg:** Enlighten the Committee. What was it in defence that you needed extra money for?

Grant Shapps: Well, I can through long lists. There is almost no programme that I wouldn't want to enhance, improve.

Q39 **Derek Twigg:** Let's take the top one, two or three programmes.

Grant Shapps: It is hard to give you an exact list, but there is almost nothing that I would not want to—

Q40 **Derek Twigg:** What specifically worried you that you needed to ask for extra money?

Grant Shapps: Because we are committed to going to 2.5%, I wanted to put forward the argument that—

Derek Twigg: That is not the question I am asking.

Grant Shapps: I know, but you are not even knowing the answer to a question before you—

Derek Twigg: Because you are not answering it.

Grant Shapps: I will try, if you let me. We are committed to going to 2.5%. Of course, as the Secretary of State for Defence, I argue that we should do that as soon as possible. Having been a Secretary of State in many different Departments now, I have always argued, often successfully. You do not win that every single time.

The view of the Government on this occasion was that there was already more money due to come to defence. Indeed, although it is in a supplemental, we had already announced an increase on the Ukraine spending. If that had been done in the Budget, you would probably be telling me that there had been an increase, so it is a question partly of timing, but there are many different fiscal events, and the trajectory is in the right direction.

Q41 **Derek Twigg:** I think the general wants to come in. Just before that, what is it that made you feel that we have to get to 2.5% now? The Prime Minister did not agree with you.

Grant Shapps: I have made speeches about this. I believe that rather than going back to 2%, which is your party's policy, we should go up to 2.5%.

Mr Jones: No, it's not. Stop telling lies.

Chair: Order.

Q42 **Derek Twigg:** Chair, in fairness, that is not the situation, but let's stick to



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the Government and their position. Basically, we have agreed that you asked for additional money. The Prime Minister and the Chancellor rejected it, so therefore you do not agree with the decision of the Prime Minister and the Chancellor to not put money in the Budget. General, you wanted to come in.

Grant Shapps: No, hold on. You put a point to me that I do not agree with. I agree with collective responsibility. Of course, every Secretary of State bids for more money. You do not always get that money. To then turn that around and say, "Well, therefore you don't agree with the overall Budget," defies the point of collective responsibility.

Q43 **Derek Twigg:** So what does not getting 2.5% now, or in fact 3%, mean in terms of defence? What does that cause us a problem with?

Grant Shapps: Right now, the good news is that we are able to cover all our NATO operations and do everything that I have ever wanted to do since I have come in—for example, sending troops to Kosovo, being active in the Red Sea, and providing increased support to Ukraine, all of which I have done, including Ukraine, because I have got a bit more money, although I know that there seems to be resistance to accepting that.

The National Audit Office will agree with me at the end of the year that we spent more money. If we could come back in a year's time, we could demonstrate the point.

Lt Gen Sir Rob Magowan: Mr Twigg, I think we are on record in this Committee declaring the sorts of things in addition to the programme of record that we wish to invest in. I think we have already answered what you are asking the Secretary of State. We have discussed the sorts of things. We can go through them again.

Q44 **Derek Twigg:** Did you go with the Secretary of State to the Prime Minister?

Lt Gen Sir Rob Magowan: Exactly as the Secretary of State said, we said, "We want additional resource. If we want to mitigate this level of operational risk, we will need more resource in these areas." We can go through those areas again.

Q45 **Derek Twigg:** Just give us a quick few seconds, so we get it on the record again.

Lt Gen Sir Rob Magowan: We have been very clear that the amount of money that we are spending on munitions at the moment, which is significant, does not meet in all areas the threats that we face. We have been clear that we need to spend more money—above the programme of record—on what we call integrated air and missile defence. I could go on.

We have said these things before. We have made it clear what we would spend additional money on if we were given it, but we work within the money that we have, and we carry the operational risk accordingly. That is what we are doing in '24-25. Against the Budget, the operational risk is at a certain level.



Derek Twigg: You clearly felt it important enough to go and ask for this additional money for those reasons.

Q46 **Martin Docherty-Hughes:** Secretary of State, let's go back to the Public Accounts Committee report. The hon. Member for Hackney South and Shoreditch stated in her introductory remarks: "In an increasingly volatile world, the Ministry of Defence's lack of a credible plan to deliver fully funded military capability as desired by Government leaves us in an alarming place. But this problem is not new. Year-on-year our Committee has seen budget overruns and delays in defence procurement. A lack of discipline in the MoD's budgeting and approach has led to an inconsistent plan that just isn't a reliable overview of the equipment programme's affordability." Do you recognise any truth in the Chair of the PAC's introductory remarks?

Grant Shapps: I think it would be disingenuous to claim that procurement has been a consistent triumph in defence over many decades. That is one of the reasons why you will recall that—it was perhaps at my last appearance or the one before, when I first became Defence Secretary—I agreed that we should have a new system of procurement called the integrated procurement plan. Indeed, I offered your Committee the opportunity to be part of creating that. That was something that we launched last month in response to precisely those concerns.

Q47 **Martin Docherty-Hughes:** Just briefly, because I know that the Chair wants to bring others in, I want to ask about procurement and the processes through the Ministry. We will disagree, for example, on the nuclear deterrent, but our role today is to hold power to account in terms of how it manages that money.

In terms of the nuclear budget for the coming decade, the report states that it is jumping from £38.2 billion in one year to more than £109 billion. How does that then impact on any additional spending on your conventional force, if you have inflation and also the issues around currency movements?

David Williams: The principal increase in the cost of the programme is linked to the deterrent, as you say. That is as a result of us doing a drains-up review of what we needed to ensure that we go through a decade of major recapitalisation with appropriate contingency and funding to make sure that we can deliver those critical programmes.

I have good confidence in the central budget assumption that we used, as I think I explained to the Public Accounts Committee at the time, in terms of formal budgets for 2024-25, and that includes the supplementaries, but then we are into a spending review. The issues will be decided through that process. Indeed, over a ten-year horizon, there is always more than one spending review to go.

The central budget assumption that we have used assumes that the nuclear programme is funded to a line that we have discussed and agreed with Treasury colleagues. Treasury assumptions about how the rest of the



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budget might grow are therefore conventional capabilities. That central assumption does not, as the Secretary of State has already said, plot a trajectory towards 2.5%, which is the Government's position.

Q48 Martin Docherty-Hughes: Just finally, Chair, there is a rather insane rumour going around at the moment, which we have been hearing today, that a member of the Cabinet may have been involved in the unarmed Trident missile misfire—I think it was last month. I am wondering—

Grant Shapps: I can absolutely—

Martin Docherty-Hughes: You can refute it completely? No member of the Government was involved.

Grant Shapps: Although we do not discuss national security issues, I can absolutely guarantee you that it is completely untrue.

Martin Docherty-Hughes: Thank you.

Chair: That has settled that one.

Martin Docherty-Hughes: Yes.

Grant Shapps: It's not one I have heard either, I should say.

Chair: You learn something new every time you come to the Committee, Secretary of State. I will bring in Gavin on military capability.

Q49 Gavin Robinson: Thank you very much, Chair. Secretary of State, good afternoon to you. There is some overlap in the questions that you have faced up until now, but I hope you will accept at the outset that none of the parties represented around this table present an electoral threat to me in Northern Ireland, and therefore I will not be electioneering in my questions.

I hope you would also accept that it is not sufficient to simply outline that because you are the Secretary of State for Defence, you just naturally ask for more and will always want more. For a Member of Parliament like me and for colleagues around the table, the imperative is actually about defending our national sovereignty, our national defence, our readiness and our ability to respond to threats and prepare appropriately for them. That is not in the abstract. Hopefully you will accept that it is not about the abstract and that just because you are Secretary of State you ask for more. Actually, you should be asking specifically and purposefully for the capacity and capability that we require to defend our nation.

Grant Shapps: I agree entirely.

Q50 Gavin Robinson: Thank you. You were asked to give an example of the sort of things you were seeking additional funds for, but you have not done so. Do you wish to give an example of those now, over and above what the general said? I think it is important from a national perspective that you, as the Secretary of State for Defence, have the opportunity to indicate where you think there are financial frailties within your Department and what capacities you require and we require as a country



for the future.

Grant Shapps: Well, a number have been mentioned. The reality is that there is a vast range of different things and future weapons that I would like to spend more time on, and inevitably, in the end, more money. It has always been thought through the decades that we fought with three different services—land, air and sea—but now we increasingly do much more in cyber, and a huge amount more is also required in space. We have more domains that we are fighting in, so there will be expansions there. We have talked about the replenishment because of our generosity in our gifting to Ukraine.

This is a question of how much risk you want to carry at any one moment in time. That sits both within defence, because, as you rightly say, the first task and job of any Government is to defend the nation—by the way, we are the country with the second largest NATO budget, with a blip for Germany at the moment because they have a sum of money going through, but it is not in their baseline core at all. We do pull our weight when it comes to the NATO contribution, but I want to build systems that keep us safe for the future and, in particular, deter our enemies from trying it on.

For all of those reasons, I can see where we would spend money, but I would say, I hope with the agreement of this Committee, that it is not just about how much money you have—£55.6 billion this year—but how you spend that money. That is why the integrated procurement model, the new plan to spend money in a much better way, is incredibly important.

Lastly—and here, we have been able to do things—the nature of warfare is shifting and changing. Even in the six months that I have been in this job, in my visits to Ukraine I am seeing on the frontline, in the actual war situation, assumptions that would never have been the case six months ago. For example, Ukraine sinking large amounts of the Black Sea fleet without itself having a navy is changing the way that we look at warfare, as well. Drones, sea and air—those are all areas where I think there is a lot more room for new thinking in defence.

Q51 **Gavin Robinson:** Yes, but you will also accept that sometimes we are faced with a choice—or you are faced with a choice—that is constrained by an earlier decision made in different circumstances. I am the Member of Parliament for east Belfast, where NLAWs are made. We saw their incredible utility in the early months of 2022 and the renewed interest in that system, but recognised that through UK Defence, it was discontinued 10 years ago.

Grant Shapps: And we have seen lots of weapons that are not new—the Storm Shadow is another example like the NLAW, which is actually not a particularly modern missile but has been incredibly effective—but there are new generations of missiles and others coming along all the time.

Q52 **Gavin Robinson:** What opportunity have you as Defence Secretary taken, then, to reappraise decisions that were made prior to your appointment as Defence Secretary in the light of Ukraine and the full invasion of a country



within our European territory? Have you reappraised to say, “Those were the wrong decisions to make”?

Grant Shapps: I will give you a couple of examples. Any navy that was thinking a year ago about both its own defence—as we have seen in the Red Sea—and its own attack was not thinking about the consequences of what has happened both in the Red Sea and in the Black Sea. We have seen an asymmetric level of warfare in both ways: drones at sea in the Black Sea and drones in air in the Red Sea, and the asymmetric nature of either sinking a Russian warship or firing expensive missiles like Sea Vipers at inexpensive drones. We are seeing an asymmetry that should make us all think about the way that we are doing things. I recently highlighted the work of DSTL with the DragonFire, for example, which has the potential for £10 a shot to take down a drone. How fast can we bring these things forward? What is the progress? Those are the types of differences in thinking that are going on right now.

Q53 Gavin Robinson: Mr Williams mentioned in his last answer that there is a forthcoming spending review, and we know that in 2021 there was a spending review that led to the reduction in scale or cancellation of a significant number of programmes. That was in 2021, in advance of Ukraine’s invasion, a resurgent Russia and threats from China, and you know the consequences. We got a list of the decisions taken from 2021 just last week, which included the cancellation of the Warrior infantry vehicles and the reduction of E-7 aircraft from five to three platforms—knowing what training, maintenance and so on is required, that is really very few for utility purposes. Have you gone through those decisions from 2021 to see whether the assumptions prior to the invasion of a sovereign country in Europe were right and whether they sustain today?

Grant Shapps: First of all, every Department has to cut its cloth at some point. Obviously, ‘21 was well before my time. When I look through those programmes today, it is interesting that for quite a lot of them you would say, “Actually, I’m not sure that would be the right programme to pursue.” In the last couple of years during the war, and even in the last six months, there would be a whole batch of new things that you would want to do. We have turned on new programmes in areas—not all of which can be discussed in this forum—where there was not even an industry related to them going back a year or two. Inevitably, that list would be quite different.

Chair: Last question, Gavin.

Q54 Gavin Robinson: In what way would the list be quite different? What would be resurrected from cancelled state, or replaced to its enlarged—

Grant Shapps: Why don’t we hear a bit of expertise from someone who was actually there?

David Williams: I will have a go and then General Magowan may want to come in. Actually, I wasn’t there at the time, but the list I sent you is the down arrows from SR21. It was a set of down arrows in order to create



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financial headroom alongside a substantial increase in investment in defence.

Gavin Robinson: It is not just down arrows, though; it is cancellations.

David Williams: Yes, cancellations and deferrals—I get that, but it was a set of decisions to retire capabilities, many of which were coming towards the end of their service life, in order to create, with the additional investment in defence, headroom for investment in future capabilities. That was a deliberate risk judgment taken at the time about securing the future and taking risk in the short term. With the invasion of Ukraine, the short-term risk you are willing to take and when you want that future to arrive is a live question that we have been working through in our plans, and that is reflected in part in the snapshot in the equipment plan from last year. As the Secretary of State said, both the pace of technological change and the evolution of capability that we are seeing on the battlefield in Ukraine mean that rather than reprieving savings that we made in '21, if there were more money available, we would want to invest in new capabilities that are appropriate to the way in which we want to fight in the future.

Q55 **Gavin Robinson:** Chair, I recognise that you have time constraints, but I think that some of the answers will require further exploration at a future date. Reducing aerial surveillance, reducing the platforms, retiring the E-3, changing the availability of investment in joint air-to-ground missiles and all the rest of it seems to jar quite considerably with the requirements that have been acknowledged.

Lt Gen Sir Rob Magowan: I want to try to reassure the Committee. First of all, we are absolutely observing what is going on in Ukraine, as everyone is, and we are applying the lessons from Ukraine, but we will not over-apply them. NATO is not fighting in Ukraine. NATO will fight in a different way because of a whole range of circumstances. Having said that, it is very easy to have a conversation about capability and to say, "We should not have deleted this then, because we need it now," but we are having a more fundamental review for the Secretary of State over the next six months, and that is about how we will fight in the future and how we will structure ourselves to fight in the future. We will fight and deter in a very different way from before, because of the lessons that we are learning from Ukraine and other areas. That will very quickly lead us, through the summer, into a review next year of a range of capability choices associated with how we will fight and structure. I think it is too binary to just go down a list of kit to determine what we do or don't need.

Q56 **Gavin Robinson:** It may be, and we shall see where the review goes, but I make the point that you are not the first individual in such a uniform and in such a seat in the Committee to talk to us about a fundamental review—cycle after cycle, year after year, new ways of doing more with less, relying on allies and losing sovereign capability. And what happens? Defence never wins.



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Lt Gen Sir Rob Magowan: But this is different because we have a war in Europe—

Gavin Robinson: It's always different.

Lt Gen Sir Rob Magowan: Since 1945—a war in Europe. We are shifting from a posture of campaigning and operating in certain regions of the world, to a deterring, warfighting posture. That is the most fundamental change in my career.

Q57 **Gavin Robinson:** I have been on this Committee for eight years, Chair, and we have seen five substantive reviews within Defence. On each and every occasion, the ability of our MoD and our services to respond to threats—their capacity, their size and their scale—is reduced.

Lt Gen Sir Rob Magowan: Well, we'll see.

Chair: Gavin has put one side of the coin. The other side may well be that the Department has read thoroughly our report on readiness for war. The logic of that would be working out how we will fight in these scenarios, learning the lessons from Ukraine. Mr Williams's point on timing—that maybe, in a pre-Ukraine environment, one would take a longer timeframe to get state-of-the-art technology in, and perhaps one has to take decisions on timing—was another interesting theme for us to pick up on. So two very interesting points have come out of that discussion for us to pick up on. On Ukraine, Richard, I think you are going to take us forward on kit.

Q58 **Richard Drax:** I am. Good afternoon to you all. Secretary of State, do you agree that Ukraine cannot fall?

Grant Shapps: Yes.

Q59 **Richard Drax:** The UK is leading and has led with equipment and help, and we should be proud of that. Do you think the West is doing sufficient to give Ukraine enough armour and so forth to keep the Russians at bay and one day take their country back?

Grant Shapps: I think it is insufficient.

Q60 **Richard Drax:** Is there more we could do? For example, a vehicle I am very familiar with—others probably are, too—is the Warrior, which is being retired. Hundreds have already been retired. We have 625, I understand. Has there been any consideration to give some of them to Ukraine?

Grant Shapps: Look, to give a slightly longer version, I do think we need to do more. It is unthinkable that we would lose this war to Putin. I think we easily have the facility and capability not to lose the war, but it requires everyone to lean their shoulders into it. I was in Ukraine a couple of weeks ago having exactly this conversation with Zelensky. The catastrophic outcome of losing the war would be far more expensive than ensuring that Ukraine is in a position to win it. With that frame in mind, I am, again, looking through all our stocks, including things that could be retired—two years on, things have moved on again—to have another scrub



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through the inventory. But more to the point, because we have been incredibly generous in our gifting, I am also working with and on our partners, of which there are 52 countries in the Ukraine Defence Contact Group, to make sure they are also really digging deep to ensure that they assist. I look at our contribution in all things—including areas like long-range missiles, but in many other areas as well—to make sure that we are not an outlier, while others are not giving as much. Those things are very important.

Q61 Richard Drax: We are playing our part, Secretary of State, there is no doubt, but if they are going to win this war, there is no doubt that they need an awful lot more kit. Billions of dollars-worth of support is stuck in America. Can you update the Committee on where that is? Is it going to be forthcoming soon?

Grant Shapps: Anyone who can second-guess Congress in that manner would be a good person to have address you. It is not me, but I—

Q62 Richard Drax: I am sorry to interrupt you. I assume you ring your opposite number in the United States and say, "Come on, this is absolutely crucial." Because, as you said, the cost of protecting the eastern border if Ukraine falls would amount to hundreds of billions a year.

Grant Shapps: My opposite number, Lloyd Austin, would entirely agree with that. It is stuck in Congress and specifically in the House, and for all manner of complicated internal reasons has not come out the other side. It is therefore prudent for the rest of the world—and I don't mean just the West here. For example, I was in Australia last week and they feel very much the same way, because they understand that the read-across from a loss to Putin would be that an autocrat elsewhere in the world might think of taking other territories. Of the 52 countries in the Ukraine Defence Contact Group, one is the United States. That still leaves 51 of us, and I think that the UK is in a natural place to show leadership in order to make sure that the coalition of the willing, which includes the US as an Administration, but not as a Congress at the moment, step up.

Q63 Richard Drax: How many of those 51 are actually willing? There is a lot of talk, but not necessarily a lot of action. How often do you meet—perhaps virtually—to say, "What does Ukraine need? They need this. For heaven's sake, let's give it to them"?

Grant Shapps: It is a monthly meeting of the UDCG.

Q64 Richard Drax: And with every month that passes, thousands more die, because they are desperately short of shells and armoured vehicles and they don't have the manpower that Russia—

Grant Shapps: That is at Defence Secretary level, but below that are other forums, for example JEF, the Joint Expeditionary Force. I had a meeting with them the week before last about what more we can be doing to support Ukraine and how we can integrate them more into our work, which is work in progress. So there are many, many different ways.



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The picture—just for the Committee’s interest—is not a straightforward one. There are huge challenges on the eastern front, as the Committee will know, and that is a matter of making sure that Western munitions, in particular, get through. But in the Black Sea, almost the opposite is the case. Six months ago, the Black Sea fleet sailed freely around the Black Sea, Putin had pulled out of the Black Sea grain initiative, and nothing was being exported. Six months later, not a single Russian Black Sea fleet ship is sailing at sea in the Black Sea. It is an extraordinary outcome, with Ukraine now exporting nearly as much as they did back before the war.

Q65 Richard Drax: This is all very good news, but the Russians are still making progress, albeit very slowly.

Grant Shapps: My point is that they are making progress in one area and falling back in another area.

Q66 Richard Drax: Yes, but you don’t need a ship to take land. The infantry do that, as you well know. The fact that ships are holed up is very good news, I accept, but the Russian troops are still advancing into Ukraine.

Grant Shapps: There is a slightly wider point I am making, which is that it has enabled Ukraine, and particularly Deputy Prime Minister Kubrakov, to get exports going again at a level that is helping them to fund their own economy and to fund weapons. So there is a broader point to that.

Richard Drax: Right, thank you.

Q67 Jesse Norman: Secretary of State, you said something I thought was very significant, which is, “There is no way we can lose this war to Putin.” Saying there is no way “we” can lose this war to Putin I think absolutely rightly aligns directly our interest as a country and as part of Europe with what the Ukrainians are doing. Of course, it underlines a further point you made, which is that there is a connectivity between each of these conflicts, because resolution, resolve and effectiveness are all being calibrated and measured across the different theatres of war and therefore there is a tremendous signalling effect. If we fall short in one, other adversaries can take comfort—possibly wrongly—from signalling. That is why the budget issue we discussed earlier is so important.

I suppose this question is more for David Williams than for you, Secretary of State, but you must come in if you want. Given that Mr Wipperman has already said that the core planning budget has fallen in real terms—although the top-up, supplementary budget has grown in real terms—has your planning capability, where Mr Robinson has highlighted deficiencies or potential deficiencies in the past, been affected by the real-terms reduction in funding? Because that’s your planning budget, right? That is your core budget.

David Williams: Without wanting to get back to the first 18 minutes of the hearing, when you add in the announcements that the Government has made through various fiscal events—

Q68 Jesse Norman: We know this, but that is not the core planning budget. Sorry, I don’t want to go back to this, but has the core planning budget



reduction affected your ability to do core planning?

David Williams: No.

Q69 **Jesse Norman:** Okay. That is all I wanted to ask—thank you. Is the fundamental review that General Magowan mentioned going to take account of the five previous reviews that we have discussed in this conversation, and learn the lessons for how it can be effective as a piece of internal negotiation, as well as a process of deep reflection on our capability?

Lt Gen Sir Rob Magowan: Of course, and there are people in the Department who have that knowledge as well. We will pull on that and all those reviews to ensure that we do learn the lessons that Mr Robinson was talking about. But this will be a new review, we hope, and it has to be set against the current strategic context, which is different from the previous ones. We will, of course, look at the mistakes we have made and the successes we have had in the past.

Q70 **Jesse Norman:** Obviously, the deep worry is that changes in technology, in particular, render some approaches to war overall potentially unviable—and if not now, then over a five, 10 or 15-year planning horizon.

Lt Gen Sir Rob Magowan: Indeed, and that is why, when the Minister for Defence Procurement, James Cartlidge, introduced the integrated procurement model, he made the point really clear on the Floor of the House about this so-called spiral development, which will be inherent in the IPM, which means that a certain percentage of the funding for capability X will be set aside to ensure that it can meet exactly what you have just said. The battlespace in Ukraine is changing every week, let alone every year. That is one of the key lessons: we need to have enough flexibility in our budget; enough of it is not only uncommitted, but committed in a spiral way to a particular capability to ensure that we can keep up with the technological change.

Q71 **Jesse Norman:** So, just to be clear, part of the effect is not just that you get much more rapid generational turnover in the way that a particular programme is moved forward, but you have a reserve that can act as a resilience pool against future technological change. Is that right?

Lt Gen Sir Rob Magowan: Yes, absolutely, and to be more agile and to be faster, and there are a number of ways of doing that. If I were allowed to say one thing, it is a much closer relationship with industry—literally sitting beside industry—to ensure that it can respond in the agile way that we need to in the future. That is a change.

Q72 **Jesse Norman:** Okay, that is very helpful. Can we now go to Ukraine? We've already heard discussion of asymmetric war from the Secretary of State, and we've heard discussion of drones—air to sea. Can you just highlight what you think have proven to be the three or four leading technologies where we have been able to support the Ukrainians?

Lt Gen Sir Rob Magowan: Without getting too technical—well, we can go as deep as you wish—I will say three things off the top of my head.



Actually, this is not off the top of my head; this is driving the review that we have just been talking about. What we are seeing playing out in Ukraine, and what we think will play out in future battlefields and battlespaces, is this so-called sensor-to-shooter environment, where you have these sensors forward—you have a lot more sensors, and there tend to be uncrewed sensors. You then have the shooters out of the battlespace—out of harm's way, protected—who can then prosecute their fires through this forward screen. That involves a very strong reconnaissance architecture and very long-range precision fires, but also a command and control architecture to knit that together. I will focus on that particular one, although there are three or four others we could talk about. That is quite a shift in the way we are going to fight in the future. We are seeing Ukraine and Russia learning that very fast.

Q73 Jesse Norman: Quite. Let us contrast it with the Bosnia conflict—another war in Europe—which was not, in some sense, an imperialistic war from an adversary we'd been fighting directly, at least in the cold war. This is that. They are rapidly evolving their forms of warfare, and we are doing the same. The nature of the electronic engagement that is being made is rapidly changing as a result.

Lt Gen Sir Rob Magowan: Yes. I think Bosnia is quite a useful case, in that we are not going to fight Ukraine again, and we are not going to fight Bosnia again. It is finding the themes. Many people are charged with trying to refocus on the last war; the clever bit is to identify which are the themes within Ukraine, or Bosnia, that we take forward to the future, and not replicate precisely what is happening, because it will not happen in the same way again.

Jesse Norman: Yes—sorry, Secretary of State.

Grant Shapps: I was just going to make a simple observation and projection, which is that this is probably the first true drone war. I do not think we will ever see a war again that doesn't heavily involve drones.

Q74 Jesse Norman: Yes. We might, but not in a planning horizon, and not in a generational horizon—I agree. I will pick that up, and then I will wind up. When we think about the way in which the theatre is changing the battlefield and the wider strategic challenges changing in Ukraine, what are the kinds of trade-offs that you are seeing in your own procurement of existing equipment that will need to change in order to shift resources into that newly thematic electronic war that you are talking about?

Lt Gen Sir Rob Magowan: We have tried to go here before, and it is difficult to have those conversations for a number of reasons. I have been really clear that we will make those hard choices. We will have to make those hard choices against the budget that we are given, whatever that is, to ensure that we can meet the drone battlespace of the future. There are two reasons why I cannot say what those trade-offs are: commercially, it would not be appropriate to say that here, and this is an open environment; and you would not expect me to declare where I am going to take operational risk in the future.



Jesse Norman: Okay. That is extremely helpful.

Chair: Martin, you were very keen to come in on Ukraine, as was Mark, and then we will move on.

Q75 **Martin Docherty-Hughes:** Secretary of State, it is increasingly clear that, in the necessity for Ukraine to defend itself against Russian aggression, it is not necessarily a lack of formidability, the need for modernisation or some sense of new technological enterprise. What they require—what they keep telling us—is an old-fashioned triptych of more people, more ammunition and more time. I wonder whether you would agree.

Grant Shapps: Half and half, actually, in reality, because, yes, they need a lot more 155 and other calibre ammunition. Yes, they need more people; they do not have endless supplies of people and their country is not as populous as Russia. But they also need to play the asymmetric advantage—we had that conversation about the Black Sea—or the way that drones are being used. Drones are interesting, in as much as they belie the usual facts of war. Usually, every generation, it gets more expensive to have lethal effect, but drones, which sometimes cost a few thousand pounds, can be extremely lethal. You have seen that being used in this war. We have recently given £325 million for drones. If that were being given for missiles, it would not buy a lot of missiles. It will be a huge number of drones. Technological advantage is part of it, but, yes, basic warfare, munitions and traditional stuff are also incredibly important.

Q76 **Martin Docherty-Hughes:** Briefly, we do not want to go into the drones at the moment; it would be good if we had more time for it, but we cannot. I know there is a concern around the glider drones specifically. There might be an issue that the Russian Federation is getting access to Western technology to help them. We will maybe come back to that later.

Specifically in terms of ammunition, I wonder whether you can advise the Committee on the Czech Republic's artillery shell shortage programme. A substantial number of NATO allies are investing in that programme, which would allow round about 800,000 identified stockpiles across Africa and Asia. The Russian Federation is firing round about 10,000 shells a day; Ukraine's return is only 2,000 at the moment. Is your Department investing in that programme?

Grant Shapps: We work through what is called Kindred, which is our programme to obtain and to provide things such as munitions. What we are doing actually is—

Q77 **Martin Docherty-Hughes:** So it isn't that specific programme?

Grant Shapps: No. We are co-ordinating to make sure that we do not compete with that programme, but we already provide a lot of munitions through international purchase doing something very similar.

Chair: Secretary of State, to state the obvious, some of the stuff about lowering the cost of lethal munitions clearly has an impact on non-state actors and their access to those, which we are seeing in real time. Mark,



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you wanted to come in.

Q78 Mr Francois: General, a few minutes ago, you announced something really very important, I think. You talked about a review that is ongoing within the Department. Just for clarity, I take it you do not mean a complete defence review in the classic model, but how would you characterise it? Is this, if you like, a review of our warfighting capability specifically? Is that fair?

Lt Gen Sir Rob Magowan: Yes, it is called the future force design review. It has three elements: how we are going to fight, how we will structure ourselves to fight, and what our capability choices will be. That will form the golden thread of the military capability advice to the Secretary of State as part of a review, if we have one next year.

Q79 Mr Francois: Okay, so in the way of the MoD, that will now be the FFDR.

Lt Gen Sir Rob Magowan: Correct.

Q80 Mr Francois: Which Minister has day-to-day charge? It cannot be Heappey; he has just resigned on a point of honour over the cuts. So which Minister has day-to-day responsibility?

Lt Gen Sir Rob Magowan: I talk about it day to day with the Minister for Defence Procurement.

Q81 Mr Francois: So it is MinDP who has the lead on it?

Lt Gen Sir Rob Magowan: Indeed.

Mr Francois: Okay, because he buys the kit.

Lt Gen Sir Rob Magowan: Indeed.

Mr Francois: That is very helpful. Thank you.

Q82 Mrs Lewell-Buck: Afternoon all. Even though we were significantly hampered in our recent readiness report by the Department, what we did conclude, quite bluntly, is that we are not ready for war. We do not have the kit or the personnel to be ready. Secretary of State, in November you told us that retention and recruitment was an area of concern for you, yet we are continuing to lose personnel faster than we can recruit. Have you yet seen the implementation plan for Haythornthwaite?

Grant Shapps: I do maintain that this is one of the biggest areas of concern. You are absolutely right to highlight it. I will perhaps ask others to speak to the specific plan, but what I can tell you is that we are seeing a big increase in interest and applications. I know that that is not the end of the story, but just to put it on record, there was a six-year high in Army applications in January. I have just got the February figures and they are at a six-year high as well.

Q83 Mrs Lewell-Buck: Sorry, Secretary of State, but have you seen the implementation plan? You told us that this is a priority for you.



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Grant Shapps: That is right. I have seen the implementation plan being worked up. I am not yet happy with all elements of it, so we are carrying on work on it. David may want to add more.

Q84 **Mrs Lewell-Buck:** I was going to ask David a question, because David told the Committee that the plan would be with Ministers before Christmas last year. It has taken from Christmas last year for you, Secretary of State, to now say that you are not happy with that implementation plan. That is quite a long time, considering that you said this is a concern and something you want to look at at pace.

David Williams: I will make two observations, if I may. First, against the immediate pressures around recruitment, the Haythornthwaite review and the recommendations it made are relevant and part of the answer, but I do not think they are sufficient. One of the things that the Secretary of State has asked about and the ministerial team has been getting from the people area of the Department is a shorter-term focus on what immediate steps we need to take to recover on recruitment. There is a 12 or 13-step approach that the team is working on.

On Haythornthwaite and the approach we are taking to implementation, “pilot” is really the wrong word. I think of it more as an early adopter, to work through 2024 on a particular cohort around engineering personnel—that is around 10,000 people in the Armed Forces—looking at themes from the Haythornthwaite review around total reward, spectrum of service and the skills framework, and putting those recommendations into practice with a specific cohort before broadening out.

Q85 **Mrs Lewell-Buck:** Can I just be clear on this? Nothing from the implementation plan has been implemented yet. The review was in June 2023, and the implementation plan was before Christmas, but nothing has been implemented around recruitment and retention from the implementation plan.

David Williams: No, that is not fair. A range of activity is going on.

Q86 **Mrs Lewell-Buck:** Can you give us an example?

David Williams: We have been looking quite hard as part of our evidence to the pay review bodies at the place of financial retention incentives against core pay and specialist pay—so getting into that total reward space. I think the point is that a full-scale implementation of the Haythornthwaite review is generally not a quick thing. It is a multi-year endeavour. While we get after that, there is a bunch of stuff we want to do, because frankly the challenges around recruitment cannot wait that long.

Grant Shapps: Shall I have a go at this as well? As I said to you before, this is massively concerning me. Before other Members mention it, I accept that just because there have been applications at record high levels compared to many years, it does not mean that they come through. One of the things that frustrates me about the system is that you can apply, but actually getting into the Armed Forces through the system is painful. I



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have been having regular meetings with the Chief of Defence People, and he is working on 13 themes along with MinDPF, as he is now called—it has recently changed name. He and I have been working very hard to drive those changes. I have spoken about and already started to enact quite a lot of those changes. For example, I was recently up at Catterick. I was talking to the person responsible for Army recruitment, who was telling me that it is ridiculous that, once you have applied, you will be invited for an interview, and that interview takes place in a different location from the location for your medical. We are bringing that together. I do not need to produce a report to do; we are just doing it.

I know this can be a bit controversial, and I don't personally have a beard, but I have spoken before about the fact that 54% of men between 18 and 30 do, so we immediately exclude large numbers of people from most of the Army, for example. There are many other things that I am able to move on and change without needing to produce a final report. To answer your question, I do not rush to publish something until I am happy with the process.

Q87 Mrs Lewell-Buck: To cut to the chase, when will we actually see any of that plan coming to fruition? What timeline does the Department have for when you will start to see changes?

Grant Shapps: To actually publish it as a formal piece of work, rather than just doing the work?

Mrs Lewell-Buck: No, to actually see the changes that you are talking about. When will we see them?

Grant Shapps: Presently. As I say, I have been focused more on trying to get the change in the system than on publishing a report about it, but I think we can undertake to publish that fairly soon.

Q88 Mrs Lewell-Buck: I am curious as to whether anyone can help me out here. I have been sent a recent FOI that shows that over 125,000 applicants have been rejected from the Army, including 23,000 from the Commonwealth. They were turned down because of a lack of vacancies. Is that correct?

Grant Shapps: I have not seen that FOI, but I—

Mrs Lewell-Buck: That is what the Department's own FOI says: a lack of vacancies was why they were turned down.

Grant Shapps: I have not seen that actual one, but I know that in the Army there are something like 73 different routes that you apply for—or, rather, different professions that you can apply into. I do not know whether that is because some are full; I have not seen that FOI. I have seen any number of examples of what I think are crazy practices for recruiting people in a modern world, and this is a very strong focus for me. I completely accept, particularly because there seem to be such high levels of interest, that the fact that we cannot get them through the system is a real and genuine problem that needs resolving.



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Lt Gen Sir Rob Magowan: May I challenge your very first sentence, just for the record? I have absolutely read your report, and I think we are going to enact many of those recommendations. But on “not yet ready for war”, we are ready for war, and I fundamentally believe that. There will be a road to war—

Q89 **Mrs Lewell-Buck:** That is not what we concluded, though, and that was based on the scant information that we actually got. Nobody could explain to us why information that was previously publicly available was now classified, so we could only assume that that was because it was far worse than we thought. You may disagree, but that is what we found as a Committee.

Lt Gen Sir Rob Magowan: From my military capability perspective, I think your report is exceptionally useful, but the message that this country is not ready for war is the wrong message, on a whole range of fronts. We have very high readiness forces, many in the colour of my uniform, who can go out of the door tonight. We will then have a road to war. We would fight as an alliance. As we discussed before, it is about the balance of operational risk. That is the answer: not that we are not ready for war, but that we are ready for war.

Mrs Lewell-Buck: We will have to disagree.

Q90 **Mr Francois:** I want to follow directly on from that, before we come to personnel. General, there are six former MoD Ministers on this Committee and some other people who serve, so we vaguely know what we are talking about. We spent months looking at this. The MoD was very reluctant to release a lot of sensitive information. If you are right and we are ready for war—and I hope you are—then we are not ready for an enduring war. Do you accept that?

Lt Gen Sir Rob Magowan: Absolutely.

Q91 **Mr Francois:** We go into this in chapter and verse, but in a nutshell, for brevity, Sir, the problem is that we could not fight an enduring war for more than a couple of months against Russia—let’s drop all the euphemisms about “peer adversaries”. We could not fight Putin for more than a couple of months in a full-on shooting war, because we do not have the ammunition or the reserves of equipment to do it. That’s true, isn’t it?

Lt Gen Sir Rob Magowan: True.

Q92 **Mr Francois:** Thank you for your candour. Clearly, we need to do something about that—hence our great concern about the Budget, but I think we have made that point already. To give credit where it’s due, the force design review sounds good; it is very much along the lines of our report. If we are now looking—perhaps because of this but for other reasons, too—at how we can increase our actual war fighting power, that has to be a good thing. When will the FFDR conclude? When do we aim to have the outcome of that?

Lt Gen Sir Rob Magowan: We have an outline now. It is obviously at classified level. I do not know what sort of negotiation we could have. We



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could have a closed session on where we have got to on that. That will mature. The key point is that it must be ready, assuming we have a review next year or at the end of this year, whenever it is. We have to inform that from a military capability perspective and an operational force design capability choice perspective. That must inform that so that whenever that is, it will be ready.

Q93 Mr Francois: General—I am looking at the Chair, at the risk of speaking for the Committee—given the tremendous amount of work that we and, for the record, our excellent Clerks put into this report, I think we would very much welcome a private briefing if this exercise is complete or near complete. I am sure the Committee would very much like to be briefed on confidential terms about what that is, and maybe we could sort that out. Secretary of State, is that reasonable?

Grant Shapps: That sounds like a very good idea. I am happy to facilitate that for you. I just want to make one small point. With six former MoD Ministers and lots of professional expertise here, this is taken as a given in this room, but for people watching and hearing that the UK is not ready for war exclusively with Russia it is important to understand that, because we are in NATO and article 5 exists, we would never be in that situation. In fact, if we were in a war against Russia, NATO has four times as many tanks, three times as many subs, four times as many helicopters, six times as many armoured vehicles, four and a half times as many warships, eight times as many transport aircraft, four times as many artillery fires, 16 times the aircraft carriers and three times as many fighters. In other words, we would be in a very strong position. It is very improbable, very unlikely, that the UK would pick a war with Russia and not have NATO at our side.

Q94 Mr Francois: In 1940, the French army was far larger than the German one. Anyway, let's come on to recruitment. To take you back to Defence questions of only yesterday, I quoted to you in the Chamber, or to MinAF, an article that the defence editor of *The Times* wrote on 22 March. She wrote: "Grant Shapps, the defence secretary, has admitted that the recruitment system is 'ludicrous', saying earlier this month that the 'Amazon' generation, which is used to getting things instantly, were not prepared to wait a year to join the army." Is that an accurate reflection of your position?

Grant Shapps: Yes.

Q95 Mr Francois: Good. Larisa is a good journalist. I didn't think she would get it wrong. If it is ludicrous—I think the Committee would absolutely agree with that—why is the outsourced contractor, whom the Chairman has asked me to call Capita today, still on contract? Why, if it is ludicrous, have you not bitten the bullet, got rid of them and taken it back in-house? "Ludicrous" is your word.

Grant Shapps: My reason for "ludicrous" is not to do with the contractor, although I know you have made many representations. The strict answer is that they are under contract, extended for a year or whatever. They have been on a rolling contract for many years. My complaint is not



specifically, although I am sure there are many issues there, with just the contractor. It is that the rules that we apply—we started to get into some of them before—mean that people who would quite clearly be assets to our Armed Forces are often not allowed into our Armed Forces. It starts with trivial things like facial hair and goes right through to whether in 40 years' time you might have a genetic disease, which suggests that the actuaries say you would not be able to fight.

Mr Francois: So if you had asthma when you were three—

Grant Shapps: Whereas most people serve for 10 years or something. We have to get real with the rules. When I say it is ludicrous, I think the way that we are doing this is almost designed to put people through an assault course that is about everything apart from their ability to—

Q96 **Mr Francois:** Secretary of State, I think we are in what the Americans would call "violent agreement". For brevity, given what the general has just said, in our report, "Ready for War?", page 31, para 75 states: "The MOD publicly concedes that for every eight service personnel who leaves, it currently recruits five people, although we understand the situation may have deteriorated further." We understand that in some parts of the Army, for every one that Capita somehow managed to recruit, three are now leaving. We are particularly losing trained specialists to industry, where they can earn far more. Without the avionics technicians, planes don't fly. Without nuclear watchkeepers, submarines don't go to sea—and so on and so forth. It is really serious. The Armed Forces are bleeding out on the operating table. I use that language deliberately, based on fact. A few tweaks aren't going to cut it. What this needs is for you, Sir, to cut the Gordian knot and do something very different from what we are doing at the moment, especially in the Army, where the challenge is greatest. You have got your headline—what are you now going to do?

Grant Shapps: Haythornthwaite proposed 67 or maybe 69 different pieces of action—or different themes, I should say—and we are working through—

Mr Francois: Haythornthwaite won't touch the sides. They are leaving now.

Grant Shapps: In fairness, you have to start somewhere with these things. He has a whole bunch of different things that were putting people off either joining or staying. CDP, which you recommended to me—

Mr Francois: If you wanted to put that in the public domain, yes, I did.

Grant Shapps: It's right there. You told me it was excellent, and I found you to be entirely accurate. CDP is working day in, day out on this, as are MinDPF and I, because I stand by my words. I think a system that makes it troublesome for people to get in isn't in tune with the modern world. It takes far too long: people get offered other things and go elsewhere. Fundamentally—this is the issue—it is a very tight labour market, with low unemployment, which means that people have a lot more options. Things



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like the 9% pay rise last year will have helped, and when I looked at why the applications are up, part of the reason is the pay is up.

Q97 Mr Francois: Secretary of State, sorry, can we just dispense with this sophistry? Capita are past masters at manipulating statistics. When you say that applications are up, or expressions of interest, that is not the same as enlistments. The whole problem on this contract for years is that lots more people go on the website, click, say they are interested, maybe go through the application process, but very few of them actually take the King's shilling. I have seen Ministers constantly talking about applications being up, but enlistments are down. What matters is enlistments. It is when people join, not when they watch a video. Please stop blowing smoke at us over that. We know the truth.

Grant Shapps: Look, I don't disagree with the difference between a click to apply and someone enlisting, so you are absolutely right about that, but it can't have been the case that in the past six years, a Defence Minister has come here and said that the Army applications are at a six-year high, because they are at six, or eight years with the Navy. So, we are seeing a much higher level of application. I absolutely share your concern about getting it right through the system. The problem might well be related to the contractor, but my point is, if we think that is the only problem, then we are barking up the wrong tree, because there are many other things as well.

Mr Francois: No, one more go—

Chair: One final go. Richard wants to come in.

Q98 Mr Francois: I understand. Recruitment is undoubtedly a challenge—you must sack Capita; you must—but retention is an even bigger challenge. At some point, we have got to improve the recruiting, but what we have got to do is, we have got to stop them leaving in droves. And they are. We visit military bases—it's our job—and we talk to people more and more who are planning to leave. If that is what you are going to do about recruitment—and you have got to sack 'em, Sir—what are you going to do about retention?

Grant Shapps: Yes. First, pay people better. That is one thing. That was the biggest pay rise in the public sector last year. Treat people better—there have been entire reports on that. Make accommodation better—this time last year, I was reading your output, not as Defence Secretary, about people waiting 12 weeks to get their boiler repaired—

Mr Francois: The "Stick or Twist?" report.

Grant Shapps: Yes, "Stick or Twist?". And actually we put this £400 million into improving the accommodation. It is starting to work. There is more we need to do on accommodation, including things I can't quite go into yet, but the Committee will be aware of the structure of accommodation, and the rules for who gets offered what, which you will know that I acted on recently. These quality-of-life reasons for being in the military are also very important things as well. There are so many



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different things we are working on on the retention side that it is difficult to list them all here, but I entirely accept the premise that a click of interest is not somebody enrolling. I totally accept that. And we also have to be better at the retention. I am on this, and straining every sinew. I hear what you are saying about the contractor. My understanding is that they are contracted for a period more, but there is a plan to change this entirely, which you are aware of. My interest is in making sure that we solve this; retention has probably bubbled up to the No. 1 issue in front of me.

Mr Francois: Thank you.

Q99 **Richard Drax:** Very quickly, Secretary of State, on the length of time it is taking to get people into the Army, a lot of the blame has been laid at the door of Capita. We have interviewed Capita here, and when we raised the issue with them about previous illnesses, skin conditions or whatever it was when people were three, four, five, six, seven or eight—I used an example of myself that raised their wrath a bit—they said to us, “It’s not us; it’s the Government. It is the MoD that sets the guidelines; we simply follow orders.” If that is the case—you just said that it is—what are you doing to give them separate orders to get people into the Armed Forces faster?

Grant Shapps: Quite simply, I have ordered the service chiefs to go back through some of these crazy rules and bring them up to date for the 21st century.

Q100 **Richard Drax:** Right. The service chiefs are fine. They will tell Capita, will they?

Grant Shapps: No, because—

Richard Drax: Because Capita is the Army, of course.

Grant Shapps: Capita is only the Army. Separately, even then it is not just the contractor. I am not trying to protect them. I am saying that it is us. It is our people, our systems and our rule book that also cause the problem. But it is not just that; it is physical things too. You apply, you are invited for an interview, you go for the interview, you are told to come back three weeks later and go for a medical. Three weeks in the modern era? Why wasn’t the medical done when you got there? Why isn’t it the same location? We haven’t even got the estate right to do this in many places.

Q101 **Richard Drax:** So that’s going on now, is it?

Grant Shapps: Yes.

Richard Drax: Fine, okay. Thank you very much.

Q102 **Mrs Lewell-Buck:** Just one more quick question from me. I remember when MinAF was before us, and he said all the work around Haythornthwaite on recruitment and retention was not going to be cost-neutral. You have said to us today that you are on it, but can you tell us



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how much of your budget is allocated to resolving this issue?

Grant Shapps: That is interesting. I am going to have to defer to a budget expert.

Tom Wipperman: Our total personnel budget is about 44% of the RDEL, give or take.

Mrs Lewell-Buck: 44%, did you say?

Tom Wipperman: 44% of our RDEL, so just under £16 billion. That is military and civilian personnel. Within that, about £2 billion, give or take, is civil service. It is within that that we will need to make it cost-neutral, because that is the overall cost of our people.

David Williams: Alongside development of the plan, we are working through what the plan will cost, and there will be choices in that. Cost-neutral would be good, but I suspect personally that cost-neutral over time is probably the best we can hope for. There will be an up-front cost, but we are still working through that. That is an issue that we are taking to the next spending review. In the meantime, where there are immediate actions that we want to get on with, we are finding the money for them.

Mrs Lewell-Buck: Okay. I will let you move on, Chair.

Q103 **John Spellar:** Just before we leave that subject, are we having problems also with delays in vetting of applicants? That seems to be fairly widespread across the Department.

Grant Shapps: I haven't come across a vetting issue.

David Williams: The NAO and, I believe, your sister Committee have looked at vetting in Government. There have been a range of challenges in vetting, which have led us to go to the Cabinet Office. There has been a recovery plan, I understand. They are now hitting their key performance indicators. But that has been an issue for us previously.

Q104 **John Spellar:** What is the average delay now?

David Williams: I don't have that information to hand.

Q105 **John Spellar:** And also how many are well beyond that? If you could send us a note on that, that would be helpful. Let me move on to equipment. The NATO defence production action plan was signed, as you know, at the summit in Vilnius last year. What has been achieved as a result of it, and how is it being used to support the UK defence industry?

Lt Gen Sir Rob Magowan: As you know, the Prime Minister was public in Vilnius about what the UK is leading on in the DPAP, as you outlined, Mr Spellar. For the UK, that is munitions and missiles. Our Minister for Defence Procurement is also leading on the ground-based air defence programme across NATO. People within my team now are leading across the Department, and Ministers have written out to member states to join these particular programmes. That is starting. I cannot say that we have absolutely achieved a multi-member state contract against this particular



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capability, this standard of munition, or whatever it is, but it is absolutely the aspiration that we will be saying something like that by the time we get to the Washington summit in July.

Q106 **John Spellar:** Remind me: when was the Vilnius summit last year?

Lt Gen Sir Rob Magowan: I can't remember the exact dates—it was in July 2023. I can't remember the exact date in July.

Q107 **John Spellar:** Quite a bit of time has gone by, hasn't it? And you said we're starting.

Lt Gen Sir Rob Magowan: Absolutely. It is hard. It is 32 member states and trying to—but we know how important it is. As the Secretary of State said about 20 minutes ago, we are going to fight as an alliance, we fight as NATO, and therefore having commonality of munitions, missiles and air defence systems is important. As we have said before, the weakness of the alliance is the alliance, but the strength of the alliance is the alliance. We have got to work through that.

Q108 **John Spellar:** Not all 32 are going to be involved, therefore you will have a coalition of the willing.

Lt Gen Sir Rob Magowan: We are not looking for 32, either. We have not written out to 32. We have written to those member states that we think have the industrial capacity and the requirement to meet the same needs as us.

David Williams: If I may, at the Defence ministerial in February, just to bring it up to date, we agreed in principle with 13 or 14 partners, a willingness to engage on both munitions and missiles, multinationally—

Grant Shapps: Multinational—it is 15 in total.

David Williams: 15. As the general said, the intent through the engagement now is to both aggregate demand and get to some specific procurement proposals, which ideally we will be able to announce by the Washington summit.

While we are doing quite a lot of work on NATO standardisation, both thinking about how they are fit for purpose and ensuring that we are following those, there is quite a lot of work going on through Mr Start, who is our national armaments director—General Rob is the deputy national armaments director—around how you use that aggregated demand signal to increase industrial capacity, while having that conversation in a NATO context rather than, for example, the EU defence industrial strategy that has recently been launched.

Grant Shapps: On that, the thing that we signed at NATO in February is the multinational procurement initiative—MPI—and it is a UK initiative, and we brought 14 partners with us, so that's the 15 partners.

Q109 **John Spellar:** All of that is encouraging. At the same time, it is not about being ready for war; there is a war on at the moment. There still does not



seem to be that sense of urgency.

Secretary of State, you very kindly wrote to me in response to questions I have raised in Parliament about the 155 mm. You said in that letter: "Following a significant increase in the requirement for 155 mm artillery ammunition in April '23, the Ministry of Defence worked with BAE." The need for 155 mm ammunition was clear back in '22.

Indeed, the United States was responding much earlier. *The New York Times* in January '23 said: "The Pentagon is racing to boost its production of artillery shells by 500 per cent." They are building a whole new capacity down in Dallas, and another in Arkansas, though I cannot remember whether it is an explosives or propellant capability. Yet, we only signed our agreement with BAE in July 2023. Don't we have a system problem in responding to crises?

Grant Shapps: Obviously, that is before my time. I do know—and probably mentioned in that letter—that we are now doing eight times the level of 155 production with that signing. I notice that Germany, even later than that, has finally started to build a factory, which will look to produce more munitions. If the general charge is that the world is too slow to produce and provide things to this existential war in Europe, frankly I agree.

To defend my predecessors and the Department, many people will have hoped that the war would have been over quicker, and that munitions, particularly things like 155s, which were largely being purchased from elsewhere in the earlier stages of the war, would have been sufficient. We are where we are.

We have really stepped up. You used the American example; I will use this public forum to say that it would be wonderful, and in America's own interests, if they could now get some of that ammunition to Ukraine, because it is one thing being able to manufacture it and another being able to help Ukraine. The United States Congress does not have to do it because it is Europe asking for it, or because we are somehow trying to claim that there is some moral reason for them to come and help on another continent. It should be through their own self-interest in ensuring that dictators elsewhere do not think that they can take advantage of the Western coalition by simply waiting for us to get some form of attention deficit after a couple of years of war. For all those reasons, it is important that new manufacturing capacity gets to Ukraine.

Q110 **John Spellar:** But even if the requirement for Ukraine ended tomorrow, way back in 2022 and all the way through 2023 it was crystal clear that the security environment in Europe had changed dramatically and that we would be required to be on a better war footing. The previous Armed Forces Minister seemed blissfully unaware of the evidence of General Hodges—the previous head of the US army in Europe—to this Committee that in an exercise, the UK Army ran out of munitions in 10 days. The general was saying that for a major war, we would run out of matériel in a month or so. It was clear that the situation had changed, but there does not seem to be the initiative inside the system to move that forward. How



are you going to change that?

Grant Shapps: One of the supplementals—so, controversially, it is not in the Red Book—is for the weapons stockpile, which is very important. It might be that the general wants to come in.

Lt Gen Sir Rob Magowan: This goes back to the point I was discussing with Mr Francois. We absolutely agree that we need to endure in a war. I would not be doing my job if I were not absolutely responding to what you have just said—and we are absolutely doing what you have just said. We have written a munitions strategy. We are now developing a plan. We are determined to commit a certain level of munitions over a certain period of time. Industry has helped us to write these documents. The point you are making is absolutely critical to warfighting in an enduring way. That is probably my No. 1 priority when I go to work every day.

John Spellar: But industry needs contracts in order to do that.

David Williams: If I may, Mr Spellar, the contract is the culmination of the process of engagement. For BAE Systems on ammunition, for Thales picking up the production run of NLAW again, and for MBDA—I would have to check whether it was late '21 or early '22—we signed several letters of comfort for those companies to begin investing in production capacity while we work through what our requirement would be and what a contract over a number of years might then look like. It is not that we thought about it in April '23 and then we signed a contract. It is a culmination of work.

Grant Shapps: For completeness, I should also mention the International Fund for Ukraine, which, despite its name, is actually a British fund that we invite international partners to join. That has now raised more than £900 million and laid 27 separate contracts for lots of things, including munitions. We have not been sitting on our backside.

Lt Gen Sir Rob Magowan: Long-time procurement for a particular company will be made public very soon. We have just had approval.

Q111 **John Spellar:** Let me move on to Boeing. Your predecessor paused the contract for the Chinooks coming in, but you have now gone ahead with that. How many Chinooks are we ordering, and which variant? What has been the costing?

Grant Shapps: It is 14 of the extended range type. I looked at this very carefully, just to give some context on this. I visited the US as well, with a completely open mind about potentially not going ahead. There was a very large cost to not going ahead, given where the plan had got to, but actually because my predecessor had frozen it, I was also able to go back and negotiate essentially a hefty discount—some £300 million.

Also, and I think more importantly, I used it as a discussion to also obtain FMS reform, which is costing us hundreds of millions of pounds. Although we have never been refused a piece of equipment that we were trying to buy from the States, we constantly come up against delays, which can be



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six months or two years, before we get approval, even though as its closest ally we always end up getting approval. That process was causing us to have to delay, backfill and make financially inconsistent decisions. Although the £300 million off is the top line, the FMS reform is actually the more important part from my perspective. I was pleased to be able to get pledges on that from—

Q112 John Spellar: You have saved £300 million. What was the original price, and what was the price you paid?

Grant Shapps: I do not have the numbers in front of me.

Lt Gen Sir Rob Magowan: The price we paid was £1.5 billion.

John Spellar: That is over £100 million per craft or platform.

Lt Gen Sir Rob Magowan: Well, it includes the sustainment costs as well, through life.

Q113 John Spellar: What do you mean by “sustainment costs” in that context?

Lt Gen Sir Rob Magowan: In terms of the ability to ensure that you can operate them. You buy them, but you have to operate them.

Q114 John Spellar: Does that mean that they are going to maintain them? Is this a service contract, or is it a sales contract? Who is actually going to maintain them?

Lt Gen Sir Rob Magowan: Boeing.

John Spellar: Boeing is going to do all the maintenance on them?

Lt Gen Sir Rob Magowan: Currently we have a contract with Boeing for Apache and Chinook. In fact, we are going through a process now where we will make that more efficient. That is in this country—both Apache and Chinook maintenance are run from the United Kingdom.

Q115 John Spellar: But Boeing has had a history of reneging on some of these arrangements and suddenly taking the work back to the States; I have experienced that. You are saying that the £100 million per craft is a through-life contract for each one of these, which includes their maintenance and upgrades as well.

Lt Gen Sir Rob Magowan: Out of Committee, we will have to get you the breakdown of the costs associated with the CDEL purchase and the running costs and how that is being managed. We will provide all that for you.

Q116 John Spellar: That would be very helpful.

I have one final question. Were any members of the Government on board the submarine with the failed missile?

Grant Shapps: I was. For the purposes of clarity, I want to mention that the slightly odd language of “event-specific anomaly” was in relation to a piece of test equipment that is not on an actual missile fire. The reason



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that the re-certification was able to complete was that the ship performed perfectly. The crew were exceptional. The actual firing out of the sub worked perfectly. Without the piece of test equipment, this would have hit target, so in a live fire it would have been on target. That is why the ship, or rather the boat, was able to go back into re-certification.

Q117 **John Spellar:** Just as a matter of interest, is that usual? These things happen from time to time. Is it usual for Ministers to be on board? I am not sure.

Grant Shapps: I do not know.

David Williams: In my experience, yes. For the particular days when they are firing, there is normally a US and UK VIP delegation.

Mr Francois: Can I come back to Chinook, very quickly?

Chair: Very briefly, Mark.

Q118 **Mr Francois:** According to an MoD briefing note—your note—the E-7 Wedgetail, the AWACS aircraft, which is years late, has 10% UK content; the AH-64 Apache has 7% UK content; the P-8 Poseidon has 4% UK content; and the previous CH-47s were 2% UK content. That is virtually nothing in the UK.

When you add those four programmes together, you are talking about billions and billions of dollars. You have just spent £1.5 billion to buy these helicopters from a company that has just wiped out its own senior management. When you do us this note to clarify the costs of the contract, what is paid for and what is the additional support costs, and you give us chapter and verse, can you also clarify how much of that will be spent in the UK?

Lt Gen Sir Rob Magowan: Yes, and that is why we produced this note. Since the conversation we had last time and producing the note, I have personally been to Boeing in Crystal City and I have relayed this conversation.

The next negotiation that we will have with Boeing is on Chinook tranche 2, so it is the replacement of our current model. I will go along with our national armaments director, the head of DE&S, Andy Start, to have a conversation with Boeing. If our replacement for the current Chinook is the next block, the so-called block 2, it will be exactly along the lines you have just talked about. How will Boeing continue to invest in the United Kingdom if we are going to pursue—

Mr Francois: You say “continue to invest”. We have spent billions and billions with them over the last 20 years, and what they give back to British industry is peanuts.

Lt Gen Sir Rob Magowan: The situation is changing with Boeing.

Mr Francois: I know. They’ve all been sacked!



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Grant Shapps: Can I jump in on this? There are a lot of problems on the civil side, which you have pointed out. I agree that we want to procure here—that is why we have the integrated procurement model, and it is why you guys have helped us in developing that model. One of the things it does is massively increase the ability to export as part of the competitive process, plus all the spiral development that we have talked about.

When it comes to a helicopter like the Chinook, there is nothing else—apart from a Chinese knock-off, I think—that can do what it does. This one will do it for twice the distance, as well, which will potentially be of great use to our special forces and others. You are right about your concern, but I also think that we have a plan—in part because of this Committee's work—for making this better in the future, which I look forward to doing.

Q119 **John Spellar:** But there is a reason why that is the only option: the MoD, and the RAF in particular, have consistently not placed their orders with British industry. They have placed them with American industry. Not only is it expensive, and not only are we being affected by the dollar-pound exchange rate, but we have become dependent on them, and they know it.

Grant Shapps: Which is why we are so pleased with this plan that you have helped us with.

Q120 **Chair:** Let us move on. I want Martin to have five minutes on the national defence plan, which will take us over our time, so this will be a very quick answer, I hope, to a very quick question.

We saw the announcement in the Budget that the FCA is going to be looking at the ESG rating providers. That is not something you have neglected, and I am sure you are going to carry on pushing it, because there is a moral imperative here. We do not get anywhere—we do not get the schools and hospitals that we want—if we have not got peace and security. I hope that that is a message that the Department is constantly pushing out.

Grant Shapps: I feel incredibly strongly about it. When I hear from financiers who refuse to back defence, I tell them about the school or the nursery that was bombed out—a Ukrainian family came to stay with me, and I went to see those flats across from the kindergarten. I say to those financiers, "How can the moral thing be to allow that to happen, and not be prepared to finance the defence of defenceless people at the moment in Ukraine and elsewhere?" In my view, there is absolutely an open and closed case for investment in defence. I think that that is the moral stance.

Chair: Thank you. Secretary of State, I hope you do not mind if we run over by three minutes to allow Martin his last question.

Q121 **Martin Docherty-Hughes:** Thanks, Chair. As the Department is currently working on the national defence plan, when it comes to strategic readiness, could you say something about interdepartmental working, and



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also about whether permanent secretaries are engaging not only across Departments here in Whitehall, but across Cardiff and Edinburgh? Of course, there will be different arrangements for the civil service in Northern Ireland.

Grant Shapps: We had a very good example of interdepartmental working yesterday with the launch of the nuclear Command Paper. The Prime Minister and the Chancellor were up in Barrow. That involves Defence, Levelling Up, the DfE on qualifications, and so on and so forth. An extraordinary number of Departments were involved, and making things like nuclear a national endeavour has really shifted that in a big way.

The other thing is that I spend a lot of time abroad. Defence is clearly very international in nature: barely a week goes by when I do not leave the country. Last week, into the weekend, I was in Australia with the Foreign Secretary—we do a lot of two-plus-two type of work, so there is a lot of integration there as well. There will be many different examples.

David Williams: On the second part of your question, let me I take a step back and think more broadly about resilience and strategic risk. Permanent secretaries, including colleagues in Scotland, Wales and Northern Ireland, are routinely and increasingly discussing questions around resilience and risk, including shocks to the continuity of delivery of public services, and not just in a defence context. We have joined-up work around the national security risk assessment. Our expectation on the national defence plan, working with both the national security secretariat and the resilience part of the Cabinet Office, is that this will support and prompt a broader conversation about a whole-of-Government view, rather than simply a military contribution to it.

It is a theme that is partly about building on our collective experience during covid and partly about thinking about the risks from an increasingly dangerous world. It is topical this week in Parliament, with the cyber threat. Resilience is a conversation across the group of permanent secretaries on a routine basis.

Q122 **Martin Docherty-Hughes:** In parliamentary terms, how do you do that? How do you have that engagement with us as parliamentarians to ensure that we are on board? While politically we may have disagreements on certain policy areas, in terms of readiness how do you involve parliamentarians in that discussion?

Grant Shapps: To go back to the integrated procurement model, that is a good example of the way that I would like to work. I came to this Committee; I was asked if the Committee could be involved, and the Committee was involved and commented on it before we published the plans. I think it is a better document because of it. That is a very good example, and I think it is a very useful way to operate.

Q123 **Martin Docherty-Hughes:** Finally, I hope you don't mind me asking, but this morning the Prime Minister made it very clear that Ministers of Government should comply with public inquiries if asked to. I wonder if as



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Secretary of State for Defence you agree with the Prime Minister.

Grant Shapps: Of course.

Martin Docherty-Hughes: Thank you.

Q124 **Mr Francois:** Lastly, can you give timings on the defence plan?

David Williams: It has just been through senior-level official consideration and will be submitted to Ministers shortly. It is really about teeing up some investment choices alongside the force design work—I am tempted to say the FFDR—that the general is leading. We are thinking both about capability choices for warfighting abroad and about capability choices for defence of the UK.

Q125 **Mr Francois:** Might we see something public by the summer recess?

David Williams: I don't think that you will see something public by this summer recess. In any case, the plan itself is quite classified. I think there is something for us to explore, as the Secretary of State suggests, as to what a closed-session engagement with the Committee might look like as we develop and refine the plan.

Chair: We have covered a lot of ground, and it has been a very helpful session. Secretary of State, Mr Williams, Mr Wipperman, General: thank you all very much. It is much appreciated.